

ORIGINAL

# NEW APPLICATION



Arizona Corporation Commission 0000093378

BEFORE THE ARIZONA CORPORATION COMMISSION

**COMMISSIONERS**

Kristin K. Mayes, Chairman  
Gary Pierce  
Paul Newman  
Sandra D. Kennedy  
Bob Stump

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AZ CORP COMMISSION  
DOCKET CONTROL

SW-20494A-09-0016  
W-20495A-09-0016

IN THE MATTER OF THE APPLICATION OF  
GLOBAL WATER – PICACHO COVE UTILITIES  
COMPANY FOR AN EXTENSION OF ITS  
EXISTING CERTIFICATE OF CONVENIENCE  
AND NECESSITY.

Docket No. SW-20494A-09-\_\_\_\_\_

IN THE MATTER OF THE APPLICATION OF  
GLOBAL WATER – PICACHO COVE WATER  
COMPANY FOR AN EXTENSION OF ITS  
EXISTING CERTIFICATE OF CONVENIENCE  
AND NECESSITY.

Docket No. W-20495A-09-\_\_\_\_\_

**APPLICATION FOR EXTENSION  
OF CERTIFICATES OF  
CONVENIENCE AND NECESSITY**

Global Water – Picacho Cove Utilities Company (“Picacho Utilities”) and Global Water – Picacho Cove Water Company (“Picacho Water”)(collectively “Global Utilities”), apply to the Arizona Corporation Commission (“Commission”) for approval of an extension of their respective Certificates of Convenience and Necessity (“CC&Ns”) to include the area (the “Extension Area”) set forth on the attached legal description (Exhibit 1). The CC&N extensions are necessary at this time to ensure that adequate water and wastewater facilities are in place and that service is available for the businesses that will soon be located within the Extension Area. The Global Utilities are qualified and prepared to provide the necessary facilities and service to the Extension Area. In support of this Application, the Global Utilities state:

1. The Extension Area, being in the “Golden Corridor” region of Pinal County is poised to experience rapid growth. As part of this continued residential growth, there is a requirement to increase the employment base to diversify the demographic mix in the developments and to provide people the opportunity to work in areas that are close to their residences. The Extension Area is being planned as a regional transportation hub integrating rail

1 and road services into a consolidated distribution nexus. Employment corridors are a vital  
2 component of regional planning, and this application has been supported by the City of Eloy (see  
3 Exhibit 9).

4         2.         The Extension Area is contemplated as having a mix of light commercial/industrial  
5 activities that will provide direct benefit to the local economy. Further, as these facilities represent  
6 an ideal first step in the deployment of recycled water to diverse end-users. Many of the process  
7 water requirements will be met with a non-potable source, most notably recycled water, which will  
8 be distributed throughout the Extension Area in a pressurized dual water main configuration.

9         3.         This infrastructure will complement Global's "triad of conservation": (i) reusing  
10 recycled water for non-potable uses such as irrigating landscaping and flushing toilets; (ii)  
11 introducing renewable surface water sources to the maximum feasible extent; and (iii) recharging  
12 excess recycled water and surface water into the aquifer to the maximum extent possible. Global  
13 Water is a recognized leader in water conservation in Arizona, and they have employed the triad  
14 of conservation in this proposed service area utilizing the same planning and conservation  
15 methods as used in their other regulated utilities' service areas. Through this triad of conservation  
16 strategy, various Global Water utilities have achieved marked reductions in average groundwater  
17 use as compared to traditional providers in Pinal County.

18         4.         The Global Utilities are Arizona public service corporations authorized to provide  
19 service within portions of Pinal County, Arizona. The Global Utilities received their CC&Ns  
20 from the Commission in Decision No. 70312 (April 24, 2008).

21         5.         The extension area is comprised of approximately 2,295.7 acres. The legal  
22 description for the Extension Area is shown on Exhibit 1. A map of the Extension Area is  
23 attached as Exhibit 2 which reflects ownership, planned development, municipal and district  
24 service areas, Picacho Utilities' pending Section 208 Regional Water Quality Management Plan  
25 amendment area, and Global Utilities' pending franchise areas.

6. The Global Utilities expect that due to the current state of the economy, there is an increased requirement for consolidation of employment bases in growth areas. These employment corridors will complement the existing and future residential developments in the area.

7. The Global Utilities strictly follow the Commission's policy of requiring requests for service to support CC&N extensions. Thus, the Extension Area includes only areas where the Global Utilities has requests for service at the time. The developer of the project located in the Extension Area has requested that the Global Utilities provide water, wastewater and recycled water service to their project. A copy of the letter requesting such services is attached as Exhibit 3.

8. The management contact for the Global Utilities is:

Mr. Cindy Liles  
Senior Vice President and Chief Operating Officer  
Global Water Management  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027.  
(623) 580-9600.

9. Global Water employs 27 certified operators and approximately 10 engineers which will be available and deployed within the proposed Extension Area once the facilities are constructed and become operational.

8. The Global Utilities' attorneys are:

Roshka DeWulf & Patten, PLC  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004  
(602) 256-6100

All data requests or other requests for information should be directed to:

Michael W. Patten  
Timothy J. Sabo  
Roshka DeWulf & Patten, PLC  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

With a copy to:

Mr. Graham Symmonds  
Senior Vice President and Chief Technical Officer  
Global Water Management  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

9. Certificates of Good Standing for each of the Global Utilities are attached as Exhibits 5 and 6.

10. The customers located in the Extension Area will receive water, wastewater and recycled water service subject to Global Utilities' current rates and charges for utility service, which were approved by the Commission in Decision No. 70312 (April 24, 2008).

11. Attached as Exhibit 6 is an Engineering Memorandum which discusses the facilities planned to serve the Extension Area for water, wastewater and recycled water. Attached to the Engineering Memorandum is a report from the Global Utilities' hydrologists concerning wells in the Extension Area. The projected costs of facilities to serve the Extension Area for each of the first five years is shown on schedules attached to the Engineering Report.

12. Picacho Water's balance sheet and profit and loss information for the 12-month period ending December 31, 2007 is attached as Exhibit 7. Picacho Utilities balance sheet and profit and loss information for the 12-month period ending December 31, 2007 is attached as Exhibit 8.

13. The projected number of connections for the first five years of operations in the extension area, and projected revenues and expenses for those first five years, are included in Exhibit 10.

14. With the Extension Area being planned as a regional transportation hub integrating rail and road services, projected residential customer numbers are not meaningful. The Global Utilities estimate that during the first five (5) years, the Global Utilities will extend service to a minimum of 100 acres per year within the Extension Area:

| Year | Picacho Water | Picacho Utilities |
|------|---------------|-------------------|
| 1    | 100 ac        | 100 ac            |
| 2    | 100 ac        | 100 ac            |
| 3    | 100 ac        | 100 ac            |
| 4    | 100 ac        | 100 ac            |
| 5    | 100 ac        | 100 ac            |

15. The construction of facilities needed to serve Extension Area will be funded by shareholder equity and advances in aid of construction.

16. The Global Utilities submitted an application on September 23, 2008 to obtain a franchise service area which includes the Extension Area and the entire planning area as supported by the City of Eloy.

17. Copies of the approvals to construct facilities in the CC&N extension area that are issued by the Arizona Department of Environmental Quality ("ADEQ") will be provided to the Commission when they are issued.

18. The Global Utilities will provide all necessary and required notices. Proof of publication of notice will be filed with the Commission in this docket once a procedural order is issued in this docket. Likewise, once the Commission issues a procedural order specifying the desired form of notice, the Global Utilities will provide the notice to all landowners of record within the extension area.

19. This Application is in the public interest and should be granted because, among other things, there is a pressing need for employment as well as consolidated, regionally-designed water, wastewater and recycled water services in this area of Pinal County. Because of the expertise of the personnel and the financial stability, Picacho Water and Picacho Utilities are in the best position to extend and provide service to the Extension Area.

1           20.     The extension to the CC&Ns is also in the public interest because Global Utilities  
2 are at the forefront of water reclamation and re-use. Picacho Utilities has instituted a policy  
3 requiring every existing and future section of land to maximize the use of recycled water and to  
4 provide recycled water for all open spaces, schools, homeowner association irrigation and lakes  
5 within the CC&N extension area. In addition, Picacho Utilities is advancing other re-use  
6 opportunities, including: industrial/commercial/agricultural uses; flush water use in commercial  
7 and industrial building; residential re-use; and recharge/recovery.

8           25.     The Global Utilities, to the best of their knowledge and belief, are currently in  
9 compliance with all regulatory requirements applicable to their provision of water and wastewater  
10 service.

11           WHEREFORE, Picacho Water and Picacho Utilities respectfully request that the  
12 Commission:

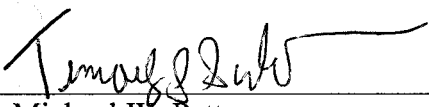
- 13           A.     Schedule a hearing on this Application as soon as possible; and thereafter  
14           B.     Issue a final order:
- 15                 1.     finding that it is in the public interest to extends the CC&Ns of Picacho
  - 16                 Water and Picacho Utilities to include the Extension Area;
  - 17                 2.     ordering that Picacho Water's and Picacho Utilities' CC&Ns be extended to
  - 18                 include the Extension Area; and
  - 19                 3.     granting such other and further relief as may be appropriate under the
  - 20                 circumstances herein.
- 21  
22  
23  
24  
25  
26  
27

ROSHKA DEWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 RESPECTFULLY SUBMITTED this 16<sup>th</sup> day of January 2009.

2  
3 ROSHKA DEWULF & PATTEN, PLC

4  
5 By



Michael W. Patten  
Timothy J. Sabo  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

ROSHKA DEWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 Original + 15 copies of the foregoing  
2 filed this 16<sup>th</sup> day of January 2009, with:

3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
5 1200 West Washington  
6 Phoenix, Arizona 85007

7 Copies of the foregoing hand-delivered/mailed  
8 this 16<sup>th</sup> day of January 2009, to:

9 Lyn A. Farmer, Esq.  
10 Chief Administrative Law Judge  
11 Hearing Division  
12 Arizona Corporation Commission  
13 1200 West Washington  
14 Phoenix, Arizona 85007

15 Janice A. Alward, Esq.  
16 Chief Counsel, Legal Division  
17 Arizona Corporation Commission  
18 1200 West Washington  
19 Phoenix, Arizona 85007

20 Ernest G. Johnson, Esq.  
21 Director, Utilities Division  
22 Arizona Corporation Commission  
23 1200 West Washington  
24 Phoenix, Arizona 85007

25   
26  
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**Index to Exhibits**

|    |                |                                                                                |
|----|----------------|--------------------------------------------------------------------------------|
| 1  |                |                                                                                |
| 2  | <b>Exhibit</b> | <b>Description</b>                                                             |
| 3  | 1              | Legal Description                                                              |
| 4  | 2              | Map                                                                            |
| 5  | 3              | Requests for Service                                                           |
| 6  | 4              | Certificate of Good Standing for Global Water - Picacho Cove Water Company     |
| 7  | 5              | Certificate of Good Standing for Global Water - Picacho Cove Utilities Company |
| 8  | 6              | Engineering Memorandum (attachments include cost estimates)                    |
| 9  | 7              | Global Water - Picacho Cove Water Company financial statement for 2007         |
| 10 | 8              | Global Water – Picacho Cove Utilities Company financial statement for 2007     |
| 11 | 9              | Memorandum of Understanding with the City of Eloy                              |
| 12 | 10             | Projected connections, revenues and expenses – first five years                |
| 13 |                |                                                                                |
| 14 |                |                                                                                |
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| 27 |                |                                                                                |

# Exhibit 1

### PROPERTY DESCRIPTION

(401-48-016B, 016C, 016D, 016E, and 017B)

All of **Section 10**, Township 7 South, Range 8 East, Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT for any portion lying within the Southern Pacific Railroad right-of-way; and

EXCEPT a tract of land of approx. 0.86 acres in the Northeast quarter of the Northwest quarter of Section 10, commencing at a point 23.04' West from the North quarter corner thereof; thence continuing West along the North Section line 221.93', thence South 167.91', thence East 221.93', thence North 167.01' to the Point of Beginning.

(401-48-022D)

The West half of **Section 14**, Township 7 South, Range 8 East of Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT the East 68 acres of the South half of the said West half; and

FURTHER EXCEPT the East 54 acres of the North half of said West half.

(401-48-023C)

All of **Section 15**, Township 7 South, Range 8 East of Gila and Salt River Base and Meridian, Pinal County, Arizona, lying East of the East right-of-way line of said Southern Pacific Railroad;

EXCEPT beginning at the intersection of the Southerly right-of-way of Hanna Road with the Easterly line of the land of the Southern Pacific Transportation Company, as described in deed dated March 19, 1926 from Robert Denton, Administrator to Arizona Eastern Railroad Company, recorded March 24, 1926, in Book 41 of Deeds, Page 175, Records of Pinal County, Arizona; thence Easterly along said Southerly right-of-way line of Hanna Road, 250 feet; thence South 00° 09' West parallel with said Easterly line, 300 feet; thence Westerly parallel with said Southerly right-of-way line, 250 feet; thence North 00° 09' East along said Easterly line, 300 feet to the Point of Beginning.

(401-48-035B)

All of **Section 22**, Township 7 South, Range 8 East, Gila and Salt River Base and Meridian, Pinal County, Arizona lying East of the East right-of-way line of the Southern Pacific Railroad.

(401-52-007)

The West half of the Southwest quarter of **Section 23**, Township 7 South, Range 8 East, Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT 1/16 of all oil, gas, and other hydrocarbon substances, helium or other substances of a gaseous nature, coal, metal, mineral, fossils, fertilizer of every name and description, and all materials which may be essential to production of fissionable material as reserved in A.R.S. 37-231, E.

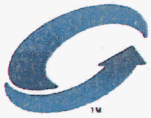
(401-71-001B)

All of **Section 27**, Township 7 South, Range 8 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, lying East of the East right-of-way line of the Southern Pacific Railroad;

EXCEPT the North 307 feet.

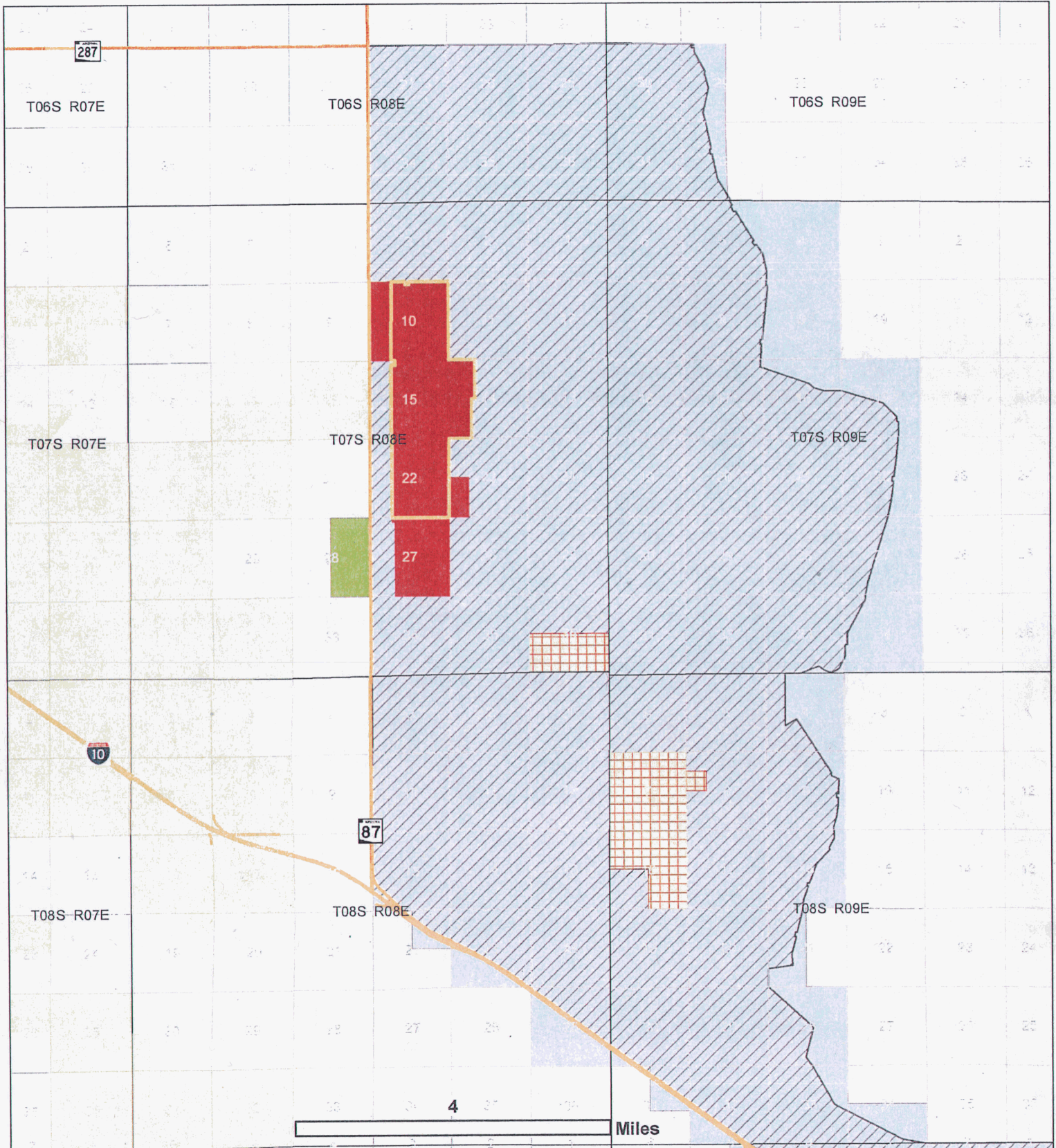
[END]

# Exhibit 2



**GLOBAL WATER**  
RELIABLE • RENEWABLE • REUSABLE

## Global Water - PCWC & Global Water - PCUC Proposed Expansion Area



- |                                                                                      |                  |                |
|--------------------------------------------------------------------------------------|------------------|----------------|
| Ownership = City of Mesa (2296 ac)                                                   | Eloy City Limits | 208 Area       |
| Proposed Transport AZ (1370 ac)                                                      | Villa Grande     | Franchise Area |
| Global Water - Picacho Cove Water Company & Picacho Cove Utilities Company, Pending  |                  |                |
| Global Water - Picacho Cove Water Company & Picacho Cove Utilities Company, Approved |                  |                |

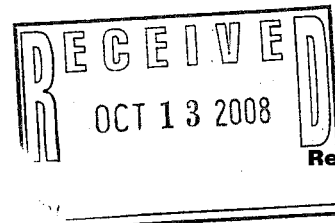


|                                                |                 |                 |
|------------------------------------------------|-----------------|-----------------|
| Description: Proposed Picacho Cove Expansion   |                 |                 |
| Project #: PCWC: 650-08-001 / PCUC: 210-08-001 |                 |                 |
| Date: 12/09/08                                 | Cartography: PB | Scale: As Noted |

Exhibit:

2

# Exhibit 3



Real Estate Services

October 2, 2008

Ms. Cindy Liles  
Global Water – Picacho Cove Water Company  
Global Water – Picacho Cove Utilities Company  
21410 N. 19th Ave., Ste. 201  
Phoenix, AZ 85027

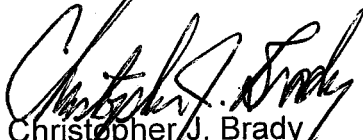
Re: Request for water, wastewater and recycled water services  
Arizona Corporation Commission

Dear Cindy Liles:

The City of Mesa, an Arizona Municipal Corporation (the "Owner"), is the owner of the real property located in Pinal County, Arizona, described on the attached Exhibit A.

As Owner, we are requesting for the land described on Exhibit A to be included on the next expansion application with the Arizona Corporation Commission to expand the service areas of the water provider Global Water – Picacho Cove Water Company and the wastewater and recycled water provider Global Water – Picacho Cove Utilities Company (the "Utilities").

Sincerely,

  
Christopher J. Brady  
City Manager

20 East Main Street Suite 650  
P.O. Box 1466  
Mesa Arizona 85211-1466  
480.644.2577 Tel  
480.644.3465 Fax





**Exhibit A**  
**PROPERTY DESCRIPTION**

(401-48-016B, 016C, 016D, 016E, and 017B)

All of **Section 10**, Township 7 South, Range 8 East, Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT for any portion lying within the Southern Pacific Railroad right-of-way; and

EXCEPT a tract of land of approx. 0.86 acres in the Northeast quarter of the Northwest quarter of Section 10, commencing at a point 23.04' West from the North quarter corner thereof; thence continuing West along the North Section line 221.93', thence South 167.91', thence East 221.93', thence North 167.01' to the Point of Beginning.

(401-48-022D)

The West half of **Section 14**, Township 7 South, Range 8 East of Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT the East 68 acres of the South half of the said West half; and

FURTHER EXCEPT the East 54 acres of the North half of said West half.

(401-48-023C)

All of **Section 15**, Township 7 South, Range 8 East of Gila and Salt River Base and Meridian, Pinal County, Arizona, lying East of the East right-of-way line of said Southern Pacific Railroad;

EXCEPT beginning at the intersection of the Southerly right-of-way of Hanna Road with the Easterly line of the land of the Southern Pacific Transportation Company, as described in deed dated March 19, 1926 from Robert Denton, Administrator to Arizona Eastern Railroad Company, recorded March 24, 1926, in Book 41 of Deeds, Page 175, Records of Pinal County, Arizona; thence Easterly along said Southerly right-of-way line of Hanna Road, 250 feet; thence South 00° 09' West parallel with said Easterly line, 300 feet; thence Westerly parallel with said Southerly right-of-way line, 250 feet; thence North 00° 09' East along said Easterly line, 300 feet to the Point of Beginning.

(401-48-035B)

All of **Section 22**, Township 7 South, Range 8 East, Gila and Salt River Base and Meridian, Pinal County, Arizona lying East of the East right-of-way line of the Southern Pacific Railroad.

(401-52-007)

The West half of the Southwest quarter of **Section 23**, Township 7 South, Range 8 East, Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT 1/16 of all oil, gas, and other hydrocarbon substances, helium or other substances of a gaseous nature, coal, metal, mineral, fossils, fertilizer of every name and description, and all materials which may be essential to production of fissionable material as reserved in A.R.S. 37-231, E.

(401-71-001B)

All of **Section 27**, Township 7 South, Range 8 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, lying East of the East right-of-way line of the Southern Pacific Railroad;

EXCEPT the North 307 feet.

[END]



# Exhibit 4

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

*To all to whom these presents shall come, greeting:*

*I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that*

**\*\*\*GLOBAL WATER-PICACHO COVE WATER COMPANY\*\*\***

*a domestic corporation organized under the laws of the State of Arizona, did incorporate on May 31, 2006.*

*I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.*

*This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.*

**IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 30th Day of December, 2008, A. D.**



  
Executive Director

Order Number: 297803

# Exhibit 5

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

*To all to whom these presents shall come, greeting:*

*I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that*

**\*\*\*GLOBAL WATER-PICACHO COVE UTILITIES COMPANY\*\*\***

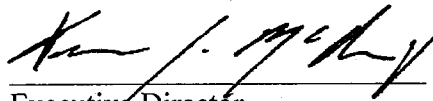
*a domestic corporation organized under the laws of the State of Arizona, did incorporate on May 31, 2006.*

*I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.*

*This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.*



**IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 30th Day of December, 2008, A. D.**

  
Executive Director

Order Number: 297797

# Exhibit 6

# **CC&N Extension Preliminary Engineering Report**

## **Global Water - Picacho Cove Water Company**

## **Global Water - Picacho Cove Utilities Company**

### **1. INTRODUCTION & LOCATION**

This Preliminary Engineering Report defines the service requirements for the proposed extension of Global Water - Picacho Cove Water Company (GW-PCWC) and Global Water - Picacho Cove Utilities Company (GW-PCUC) existing utilities indirectly owned by Global Water Resources, LLC (Global Water). The extension service area includes approximately 2,295.7 acres of industrial development, or 3.5 square miles, in central Pinal County. **Exhibit 2** of the application presents the overall map.

In September 2008, Global Water entered into a Memorandum of Understanding with the City of Eloy for the provision of water, wastewater and recycled water infrastructure for the eastern portion of Eloy's planning area. This area was included in a Central Arizona Association of Governments Section (CAAG) 208 Areawide Water Quality Management Plan Amendment and submitted to CAAG for GW-PCUC in September 2008. This 208 Amendment proposes that GW-PCUC will provide sewer and reclaimed water service to a service area of approximately 88 square miles. **Exhibit 2** of the application presents the service area proposed in the 208 Amendment and the closest municipality to the proposed expansion area, City of Eloy.

### **2. ABSORPTION RATES**

The developer has estimated the absorption within the expansion area at 100 acres per year of industrial land use for the first five years. **Table 1 in Attachment A** presents the associated water, wastewater and recycled water requirements based on the assumed 100 acres per year of industrial development absorption rate as well as the build-out scenario.

### **3. WATER SYSTEM**

#### **A. Water Supply**

In order to meet the water demand, new infrastructure will be designed and constructed. There are numerous agricultural wells in the proposed area that are under consideration for conversion to potable water wells. A map of the existing agricultural wells is presented in **Figure 1, Attachment B**.

GW-PCWC will apply to the Arizona Department of Water Resources (ADWR) for a Designation of Assured Water Supply.

The groundwater well production required at build-out is 4,052 gpm. For each of the first five years 179 gpm is required to meet the industrial water demand. The calculations for the groundwater well requirements are also presented in **Attachment A, Table 1**. The production capacity may be met through the Global Water Well Rehabilitation Program,

with the potential to introduce renewable surface water supplies to the area. The proximity of the area to the Central Arizona Project (CAP) canal system allows for the potential development of surface water treatment facilities should the service area expand sizably to warrant the investment in surface water treatment. Note that at present, GW-PCWC does not have any surface water rights.

## **B. Water Infrastructure**

The Water Distribution Center (WDC) is planned to be approximately located at the southwest corner of the South Vail Road and East Cornman Road intersection. **Figure 2 in Attachment B** displays the approximate location. When the industrial development is built-out the water infrastructure requirements are estimated as follows:

- Approximately 5 groundwater wells for potable water service and approximately 1 mile of transmission main to convey the groundwater to the WDC
- Approximately 2.75 MG of storage capacity
- It is planned that the water distribution backbone may consist of 12.25 miles for this CC&N extension. However, additional water lines will ultimately be provided as additional CC&N extensions are processed in the future.
- Approximately 7,000 gpm of Booster Pump Station Capacity

Please refer to **Figure 2 in Attachment B** for a preliminary water system layout and **Table 1 in Attachment A** for supporting calculations.

## **C. Infrastructure Timeline**

**Table 1 in Attachment A** presents the required water infrastructure associated with the estimated absorption rates. These absorption rates may increase or decrease depending on the actual development of the service area. The water system infrastructure will be constructed based on the actual development of the regions. The deployment of the water infrastructure will always be well in advance of the immediate need.

## **D. Water Conservation**

Recycled water is planned to provide any future parks, recreation areas, golf courses, greenbelts, in the proposed CC&N extension service area with irrigation water. The irrigation water will be stored in Recycled Water Retention Structures. Landowners will be held accountable to the GW-PCWC and GW-PCUC Code of Practices. Section 5A of this report further discusses GW-PCWC and GW-PCUC water conservation plans.

## **E. CC&N Extension Requirements**

GW-PCWC is the water company. There are no public water systems currently operating. Therefore, there are currently no ADEQ compliance status reports or water flow data sheets for the existing GW-PCWC CC&N service area as there is no water service being provided at this time. Prior to providing water service a Public Water System will need to be established.

## **4. WASTEWATER SYSTEM**

### **A. Sewer Infrastructure**

Please refer to **Figure 3 in Attachment B** for a preliminary wastewater system layout and **Table 1 in Attachment A** for supporting calculations.

The Water Reclamation Facility (WRF) is planned to be located at southwest corner of the South Vail Road and East Cornman Road intersection. When the industrial development is built-out the sewer infrastructure requirements are estimated as follows:

- Per the CAAG Section 208 Areawide Water Quality Management Plan Amendment for GW-PCUC the WRF is planned to service a sewershed of approximately 25.3 square miles with a build-out capacity of 10.1 MGD.
- It is planned that the sewer backbone may consist of 5.5 miles of gravity sewer line for this CC&N extension. However, additional gravity sewer will ultimately be provided as additional CC&N extensions are processed in the future.

### **B. Infrastructure Timeline**

**Table 1 in Attachment A** presents the required sewer infrastructure associated with the estimated absorption rates. These absorption rates may increase or decrease depending on the actual development of the service area. The sewer system infrastructure will be constructed based on the actual development of the regions. The deployment of the sewer infrastructure will always be well in advance of the immediate need.

### **C. Aquifer Protection Program Permit**

GW-PCUC understands the requirement of the Aquifer Protection Permit Program (APP). GW-PCUC will apply and obtain an APP permit for all WRFs and all recharge facilities prior to their operations. At this time the APP permit application is being developed for the WRF. In accordance with ADEQ rules, a certified Section 208 Areawide Water Quality Management Plan Amendment is required before an APP application can enter the substantive phase.

In addition, GW-PCUC will apply for an Arizona Pollutant Discharge Elimination System (AzPDES) discharge permit. Discharge will only be utilized for emergencies situations where opportunities for reuse and recharge are not available.

### **D. CC&N Extension Requirements**

GW-PCUC is the wastewater company. There are no wastewater systems currently operating. Therefore, there are currently no ADEQ compliance status reports or wastewater flow data sheets for the existing GW-PCUC CC&N service area as there is no wastewater service being provided at this time.



## **5. RECLAIMED SYSTEM**

### **A. Water Conservation**

Global is at the forefront of water reclamation activities in the State of Arizona. Corporately, this philosophy includes the highest and best use for all water sources, and a mandate to minimize the impact of development on non-renewable resources.

Wastewater will be treated to Class A+ Reclaimed Water Quality Standards as defined by Arizona Administrative Code (AAC), Title 18, Chapter 11, at the proposed Water Reclamation Facility (WRF). The reclaimed water from the WRF will be used for beneficial reuse, recharge to the aquifer. In cases of extreme wet weather or reductions in recharge capacity, discharges of A+ recycled water are planned via the AzPDES program. Beneficial reuse may include irrigation of turf and xeriscape at various points throughout the service area, sales directly to reuse customers, construction water, and industrial non-potable uses, including toilet and urinal flushing. During the early stages of development, GW-PCUC may contract with farms to use the Class A+ Reclaimed Water on agricultural crops. Recharge through infiltration basins or wells, including vadose and deep injection (aquifer storage and recovery), will be used to provide storage of the reclaimed water during the winter or rainy seasons. GW-PCUC intends to maintain reuse and recharge disposal capacities at 110 percent of the WRF capacity to avoid the need for discharges to the Waters of the US (WUS). However, GW-PCUC must also plan on having the ability, as a last resort, to discharge the excess Class A+ reclaimed water into natural washes, which are WUS and will require an AzPDES permit. These discharge outfalls would be utilized in the event that reclaimed water production temporarily needs reuse demand and recharge capacity, such as during infrequent heavy storms events. An alternative option would be to use an irrigation canal for transporting reclaimed water for reuse, which because the canal would likely classify as WUS, would also require an AzPDES permit.

### **B. Recycled Water Infrastructure**

Please refer to **Figure 3 in Attachment B** for a preliminary recycled water distribution layout and **Table 1 in Attachment A** for supporting calculations. It is currently planned that the recycled water distribution main may parallel the route of the gravity sewer backbone infrastructure, approximately 5.5 miles.

The WRF is planned to be located at the southwest corner of the South Vail Road and East Cornman Road intersection. When the industrial development is built-out it is four miles of recycled water distribution main is estimated to provide adequate recycled water service.

### **C. Infrastructure Timeline**

**Table 1 in Attachment A** presents the required recycled water infrastructure associated with the estimated absorption rates. These absorption rates may increase or decrease depending on the actual development of the service area. The recycled water system infrastructure will be constructed based on the actual development of the regions. The deployment of the recycled water infrastructure will always be well in advance of the immediate need.

## **6. COSTS**

### **A. Construction Cost**

Please refer to **Table 2 in Attachment A** for preliminary water, wastewater and recycled water system cost estimates and **Table 1 in Attachment A** for the supporting capacity requirement calculations for the infrastructure.

### **B. Rates**

The customers located in the proposed extension area will receive water, wastewater and recycled water service subject to GW-PCUC and GW-PCWC current rates and charges for utility service, which were approved by the Commission in Decision No. 70312 (April 24, 2008).

### **C. Revenues and Expenses**

The projected revenues and expenses for the first five years of operations in the Extension Area are attached as Exhibit 10 to the Application.

### **D. Backflow Prevention Tariff**

A copy of the backflow prevention tariff that complies with Commission standards can be referenced in **Attachment C**. Note that this tariff has not yet been filed for approval at the ACC.

### **E. Curtailment Tariff**

A copy of the curtailment tariff that complies with Commission standards can be referenced in **Attachment D**. Note that this tariff has not yet been filed for approval at the ACC.

## **Exhibit 6 Attachments**

### **Attachment A – Tables**

1. Water, Wastewater and Recycled Water Calculations
2. Cost Estimate

### **Attachment B – Figures**

1. Existing Agricultural Wells
2. Proposed Potable Water System
3. Proposed Wastewater and Recycled Water Systems

### **Attachment C – Backflow Prevention Tariff**

### **Attachment D – Curtailment Tariff**

## **Exhibit 6 Attachment A**

## Attachment A Table 1: Global Water - PCUC and PCWC

### 2,295.7-acre CC&N Extension

#### Water, Wastewater and Recycled Water Calculations

| Table 1.1 – Absorptions and Water Demand                       |        |        |        |        |        |           |
|----------------------------------------------------------------|--------|--------|--------|--------|--------|-----------|
| estimated absorptions = 100 acres/year for the first 5 years   |        |        |        |        |        |           |
| ADD = no. of acres * 1,304 gpad; MDD = 1.98*ADD; PHD = 1.7*MDD |        |        |        |        |        |           |
| Description                                                    | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Build-out |
| Estimated Cumulative Absorptions (acres)                       | 100    | 200    | 300    | 400    | 500    | 2,295.7   |
| Estimated Incremental Absorptions (acres)                      | 100    | 100    | 100    | 100    | 100    | 1,795.7   |
| Cumulative Average Day Demand (gpm)                            | 91     | 181    | 272    | 362    | 453    | 2,079     |
| Incremental Average Day Demand (gpm)                           | 91     | 91     | 91     | 91     | 91     | 1,626     |
| Cumulative Maximum Day Demand (gpm)                            | 179    | 359    | 538    | 717    | 897    | 4,116     |
| Incremental Maximum Day Demand (gpm)                           | 179    | 179    | 179    | 179    | 179    | 3,220     |
| Cumulative Peak Hour Demand (gpm)                              | 305    | 610    | 914    | 1,219  | 1,524  | 6,998     |
| Incremental Peak Hour Demand (gpm)                             | 305    | 305    | 305    | 305    | 305    | 5,473     |

| Table 1.2 - Groundwater Wells Requirements                    |        |        |        |        |        |           |
|---------------------------------------------------------------|--------|--------|--------|--------|--------|-----------|
| assumed 1,000 gpm production per well, MDD + 1 redundant well |        |        |        |        |        |           |
| Description                                                   | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Build-out |
| Cumulative Well Production Required (gpm)                     | 179    | 359    | 538    | 717    | 897    | 4,116     |
| Incremental Well Production Required (gpm)                    | 179    | 179    | 179    | 179    | 179    | 3,220     |
| Cumulative Number of Groundwater Wells Required               | 2      | 2      | 2      | 2      | 2      | 5         |
| Incremental Number of Groundwater Wells Required              | 2      | 0      | 0      | 0      | 0      | 3         |

| Table 1.3 – Storage Capacity Requirements           |        |        |        |        |        |           |
|-----------------------------------------------------|--------|--------|--------|--------|--------|-----------|
| 30% MDD + Fire Flow Storage (4,000 gpm for 4 hours) |        |        |        |        |        |           |
| Description                                         | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Build-out |
| Cumulative 30% Maximum Day Demand (MG)              | 0.077  | 0.155  | 0.232  | 0.310  | 0.387  | 1.778     |
| Incremental 30% Maximum Day Demand (MG)             | 0.077  | 0.077  | 0.077  | 0.077  | 0.077  | 1.391     |
| Cumulative Fire Flow Storage (MG)                   | 0.960  | 0.960  | 0.960  | 0.960  | 0.960  | 0.960     |
| Incremental Fire Flow Storage (MG)                  | 0.960  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000     |
| Cumulative Storage Required (MG)                    | 1.037  | 1.115  | 1.192  | 1.270  | 1.347  | 2.738     |
| Incremental Storage Required (MG)                   | 1.037  | 0.077  | 0.077  | 0.077  | 0.077  | 1.391     |
| Cumulative Total Storage Provided (MG)              | 1.250  | 1.250  | 1.250  | 1.500  | 1.500  | 2.750     |
| Incremental Total Storage Provided (MG)             | 1.250  | 0.000  | 0.000  | 0.250  | 0.000  | 1.250     |

| Table 1.4 – Booster Pump Capacity Requirements |        |        |        |        |        |           |
|------------------------------------------------|--------|--------|--------|--------|--------|-----------|
| Peak Hour Demand                               |        |        |        |        |        |           |
| Description                                    | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Build-out |
| Cumulative Booster Pump Requirement (gpm)      | 305    | 610    | 914    | 1,219  | 1,524  | 6,998     |
| Incremental Booster Pump Requirement (gpm)     | 305    | 305    | 305    | 305    | 305    | 5,473     |

| Table 1.5 – Water Distribution and Transmission Main Requirements |        |        |        |        |        |           |
|-------------------------------------------------------------------|--------|--------|--------|--------|--------|-----------|
| Description                                                       | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Build-out |
| Cumulative Water Distribution Main (ft)                           | 2,817  | 5,635  | 8,452  | 11,270 | 14,087 | 64,680    |
| Incremental Water Distribution Main (ft)                          | 2,817  | 2,817  | 2,817  | 2,817  | 2,817  | 50,593    |
| Cumulative Transmission Main (ft)                                 | 5,280  | 5,280  | 5,280  | 5,280  | 5,280  | 5,280     |
| Incremental Transmission Main (ft)                                | 5,280  | 0      | 0      | 0      | 0      | 0         |

## **Attachment A Table 1: Global Water - PCUC and PCWC**

### **2,295.7-acre CC&N Extension**

#### **Water, Wastewater and Recycled Water Calculations**

| <b>Table 1.6 – Absorptions and Sewer Flows</b><br>estimated absorptions = 100 acres/year for the first 5 years<br>ADF = no. of acres * 652 gpad |        |         |         |         |         |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------|---------|---------|---------|-----------|
| Description                                                                                                                                     | Year 1 | Year 2  | Year 3  | Year 4  | Year 5  | Build-out |
| Estimated Cumulative Absorptions (acres)                                                                                                        | 100    | 200     | 300     | 400     | 500     | 2,295.70  |
| Estimated Incremental Absorptions (acres)                                                                                                       | 100    | 100     | 100     | 100     | 100     | 1,795.70  |
| Cumulative Average Daily Flow (gpd)                                                                                                             | 65,200 | 130,400 | 195,600 | 260,800 | 326,000 | 1,496,796 |
| Incremental Average Daily Flow (gpd)                                                                                                            | 65,200 | 65,200  | 65,200  | 65,200  | 65,200  | 1,170,796 |

| <b>Table 1.7 – Sewer Line and Recycled Water Line Requirements</b> |        |        |        |        |        |           |
|--------------------------------------------------------------------|--------|--------|--------|--------|--------|-----------|
| Description                                                        | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Build-out |
| Cumulative Gravity Sewer Main (ft)                                 | 1,265  | 2,530  | 3,795  | 5,060  | 6,325  | 29,040    |
| Incremental Gravity Sewer Main (ft)                                | 1,265  | 1,265  | 1,265  | 1,265  | 1,265  | 22,715    |
| Cumulative Recycled Water Distribution Main(ft)                    | 1,265  | 2,530  | 3,795  | 5,060  | 6,325  | 29,040    |
| Incremental Recycled Water Distribution Main(ft)                   | 1,265  | 1,265  | 1,265  | 1,265  | 1,265  | 22,715    |

| <b>Table 1.8 – Water Reclamation Facility Capacity Requirements</b><br>Average Daily Flow |        |        |        |        |        |           |
|-------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|-----------|
| Description                                                                               | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Build-out |
| Cumulative WRF Capacity Required (MGD)                                                    | 0.065  | 0.130  | 0.196  | 0.261  | 0.326  | 1.497     |
| Incremental WRF Capacity Required (MGD)                                                   | 0.065  | 0.065  | 0.065  | 0.065  | 0.065  | 1.171     |
| Cumulative WRF Built Capacity (MGD)                                                       | 0.100  | 0.200  | 0.200  | 0.400  | 0.400  | 1.400     |
| Incremental WRF Built Capacity (MGD)                                                      | 0.100  | 0.100  | 0.000  | 0.200  | 0.000  | 1.000     |

**Abbreviations:**

ADD - Average Day Demand  
 ADF - Average Daily Flow  
 ft - feet  
 gpad - gallons per acre per day  
 gpd - gallons per day  
 gpm - gallons per minute  
 LS - Lift Station  
 MDD - Maximum Day Demand  
 MGD - Million Gallons per Day  
 MGD - Million Gallons per Day  
 PHD - Peak Hour Demand  
 WRF - Water Reclamation Facility

## **Attachment A Table 2: Cost Estimate**

### **Water, Sewer and Recycled Water Infrastructure**

| YEAR 1 - 100 acres                  |                   |   |                         |                |
|-------------------------------------|-------------------|---|-------------------------|----------------|
| Item/Category                       | Amount            |   | Unit Cost               | Cost           |
| Water Infrastructure                |                   |   |                         |                |
| Booster Pump Capacity               | 305 gpm           | @ | \$500.00 per gpm        | \$152,405.00   |
| Groundwater Well Transmission Main  | 5,280 LF          | @ | \$75.00 per LF          | \$396,000.00   |
| Groundwater Wells                   | 2 wells           | @ | \$1,000,000.00 per well | \$2,000,000.00 |
| Storage Capacity                    | 1,250,000 gallons | @ | \$1.25 per gallon       | \$1,562,500.00 |
| Water Distribution Main             | 2,817 LF          | @ | \$100.00 per LF         | \$281,744.13   |
| Sewer Infrastructure                |                   |   |                         |                |
| Gravity Sewer Main                  | 1,265 LF          | @ | \$100.00 per LF         | \$126,497.36   |
| Water Reclamation Facility Capacity | 100,000 gpd       | @ | \$12.00 per gpd         | \$1,200,000.00 |
| Recycled Water Infrastructure       |                   |   |                         |                |
| Recycled Water Main                 | 1,265 LF          | @ | \$75.00 per LF          | \$94,873.02    |
| Year 1 Incremental Cost             |                   |   |                         | \$5,814,019.52 |

| YEAR 2 - 100 acres                  |             |   |                         |                |
|-------------------------------------|-------------|---|-------------------------|----------------|
| Item/Category                       | Amount      |   | Unit Cost               | Cost           |
| Water Infrastructure                |             |   |                         |                |
| Booster Pump Capacity               | 305 gpm     | @ | \$500.00 per gpm        | \$152,405.00   |
| Groundwater Wells                   | 0 wells     | @ | \$1,000,000.00 per well | \$0.00         |
| Groundwater Well Transmission Main  | 0 LF        | @ | \$75.00 per LF          | \$0.00         |
| Storage Capacity                    | 0 gallons   | @ | \$1.25 per gallon       | \$0.00         |
| Water Distribution Main             | 2,817 LF    | @ | \$100.00 per LF         | \$281,744.13   |
| Sewer Infrastructure                |             |   |                         |                |
| Gravity Sewer Main                  | 1,265 LF    | @ | \$100.00 per LF         | \$126,497.36   |
| Water Reclamation Facility Capacity | 100,000 gpd | @ | \$12.00 per gpd         | \$1,200,000.00 |
| Recycled Water Infrastructure       |             |   |                         |                |
| Recycled Water Main                 | 1,265 LF    | @ | \$75.00 per LF          | \$94,873.02    |
| Year 2 Incremental Cost             |             |   |                         | \$1,855,519.52 |

| YEAR 3 - 100 acres                  |           |   |                         |              |
|-------------------------------------|-----------|---|-------------------------|--------------|
| Item/Category                       | Amount    |   | Unit Cost               | Cost         |
| Water Infrastructure                |           |   |                         |              |
| Booster Pump Capacity               | 305 gpm   | @ | \$500.00 per gpm        | \$152,405.00 |
| Groundwater Wells                   | 0 wells   | @ | \$1,000,000.00 per well | \$0.00       |
| Storage Capacity                    | 0 gallons | @ | \$75.00 per gallon      | \$0.00       |
| Groundwater Well Transmission Main  | 0 LF      | @ | \$1.25 per LF           | \$0.00       |
| Water Distribution Main             | 2,817 LF  | @ | \$100.00 per LF         | \$281,744.13 |
| Sewer Infrastructure                |           |   |                         |              |
| Gravity Sewer Main                  | 1,265 LF  | @ | \$100.00 per LF         | \$126,497.36 |
| Water Reclamation Facility Capacity | 0 gpd     | @ | \$12.00 per gpd         | \$0.00       |
| Recycled Water Infrastructure       |           |   |                         |              |
| Recycled Water Main                 | 1,265 LF  | @ | \$75.00 per LF          | \$94,873.02  |
| Year 3 Incremental Cost             |           |   |                         | \$655,519.52 |

**Attachment A Table 2: Cost Estimate**  
**Water, Sewer and Recycled Water Infrastructure**

| YEAR 4 - 100 acres                  |                 |   |                         |                |
|-------------------------------------|-----------------|---|-------------------------|----------------|
| Item/Category                       | Amount          |   | Unit Cost               | Cost           |
| Water Infrastructure                |                 |   |                         |                |
| Booster Pump Capacity               | 305 gpm         | @ | \$500.00 per gpm        | \$152,405.00   |
| Groundwater Wells                   | 0 wells         | @ | \$1,000,000.00 per well | \$0.00         |
| Groundwater Well Transmission Main  | 0 LF            | @ | \$75.00 per LF          | \$0.00         |
| Storage Capacity                    | 250,000 gallons | @ | \$1.25 per gallon       | \$312,500.00   |
| Water Distribution Main             | 2,817 LF        | @ | \$100.00 per LF         | \$281,744.13   |
| Sewer Infrastructure                |                 |   |                         |                |
| Gravity Sewer Main                  | 1,265 LF        | @ | \$100.00 per LF         | \$126,497.36   |
| Water Reclamation Facility Capacity | 200,000 gpd     | @ | \$12.00 per gpd         | \$2,400,000.00 |
| Recycled Water Infrastructure       |                 |   |                         |                |
| Recycled Water Main                 | 1,265 LF        | @ | \$75.00 per LF          | \$94,873.02    |
| Year 4 Incremental Cost             |                 |   |                         | \$3,368,019.52 |

| YEAR 5 - 100 acres                  |           |   |                         |              |
|-------------------------------------|-----------|---|-------------------------|--------------|
| Item/Category                       | Amount    |   | Unit Cost               | Cost         |
| Water Infrastructure                |           |   |                         |              |
| Booster Pump Capacity               | 305 gpm   | @ | \$500.00 per gpm        | \$152,405.00 |
| Groundwater Wells                   | 0 wells   | @ | \$1,000,000.00 per well | \$0.00       |
| Groundwater Well Transmission Main  | 0 LF      | @ | \$75.00 per LF          | \$0.00       |
| Storage Capacity                    | 0 gallons | @ | \$1.25 per gallon       | \$0.00       |
| Water Distribution Main             | 2,817 LF  | @ | \$100.00 per LF         | \$281,744.13 |
| Sewer Infrastructure                |           |   |                         |              |
| Gravity Sewer Main                  | 1,265 LF  | @ | \$100.00 per LF         | \$126,497.36 |
| Water Reclamation Facility Capacity | 0 gpd     | @ | \$12.00 per gpd         | \$0.00       |
| Recycled Water Infrastructure       |           |   |                         |              |
| Recycled Water Main                 | 1,265 LF  | @ | \$75.00 per LF          | \$94,873.02  |
| Year 5 Incremental Cost             |           |   |                         | \$655,519.52 |

| BUILD-OUT                           |                   |   |                         |                 |
|-------------------------------------|-------------------|---|-------------------------|-----------------|
| Item/Category                       | Amount            |   | Unit Cost               | Cost            |
| Water Infrastructure                |                   |   |                         |                 |
| Booster Pump Capacity               | 5,473 gpm         | @ | \$500.00 per gpm        | \$2,736,736.59  |
| Groundwater Wells                   | 3 wells           | @ | \$1,000,000.00 per well | \$3,000,000.00  |
| Groundwater Well Transmission Main  | 0 LF              | @ | \$75.00 per LF          | \$0.00          |
| Storage Capacity                    | 1,250,000 gallons | @ | \$1.25 per gallon       | \$1,562,500.00  |
| Water Distribution Main             | 50,593 LF         | @ | \$100.00 per LF         | \$5,059,279.35  |
| Sewer Infrastructure                |                   |   |                         |                 |
| Gravity Sewer Main                  | 22,715 LF         | @ | \$100.00 per LF         | \$2,271,513.18  |
| Water Reclamation Facility Capacity | 1,000,000 gpd     | @ | \$12.00 per gpd         | \$12,000,000.00 |
| Recycled Water Infrastructure       |                   |   |                         |                 |
| Recycled Water Main                 | 22,715 LF         | @ | \$75.00 per LF          | \$1,703,634.88  |
| Build-out Incremental Cost          |                   |   |                         | \$28,333,663.99 |

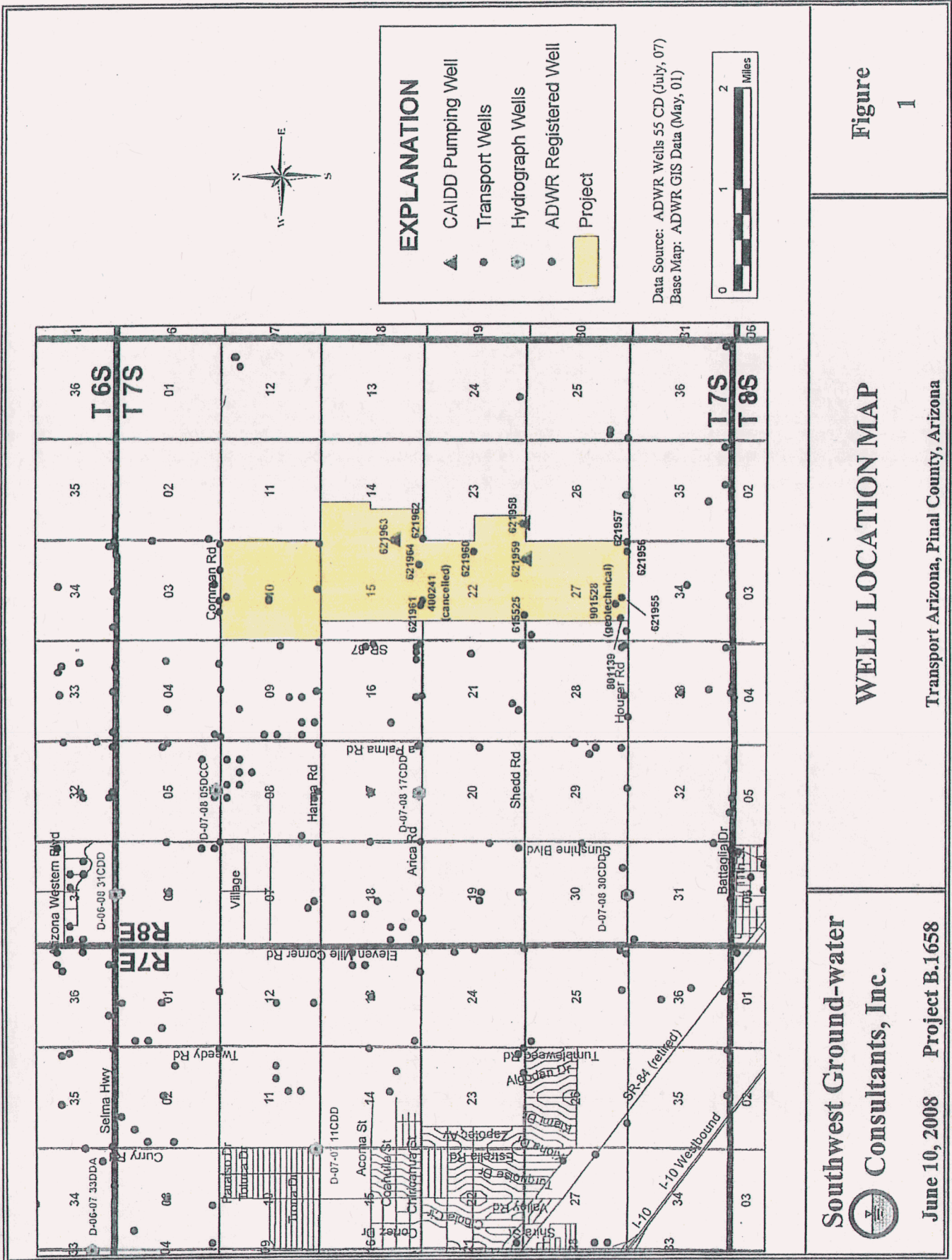
**TOTAL ESTIMATED COST**

**\$40,682,261.59**



## **Exhibit 6 Attachment B**

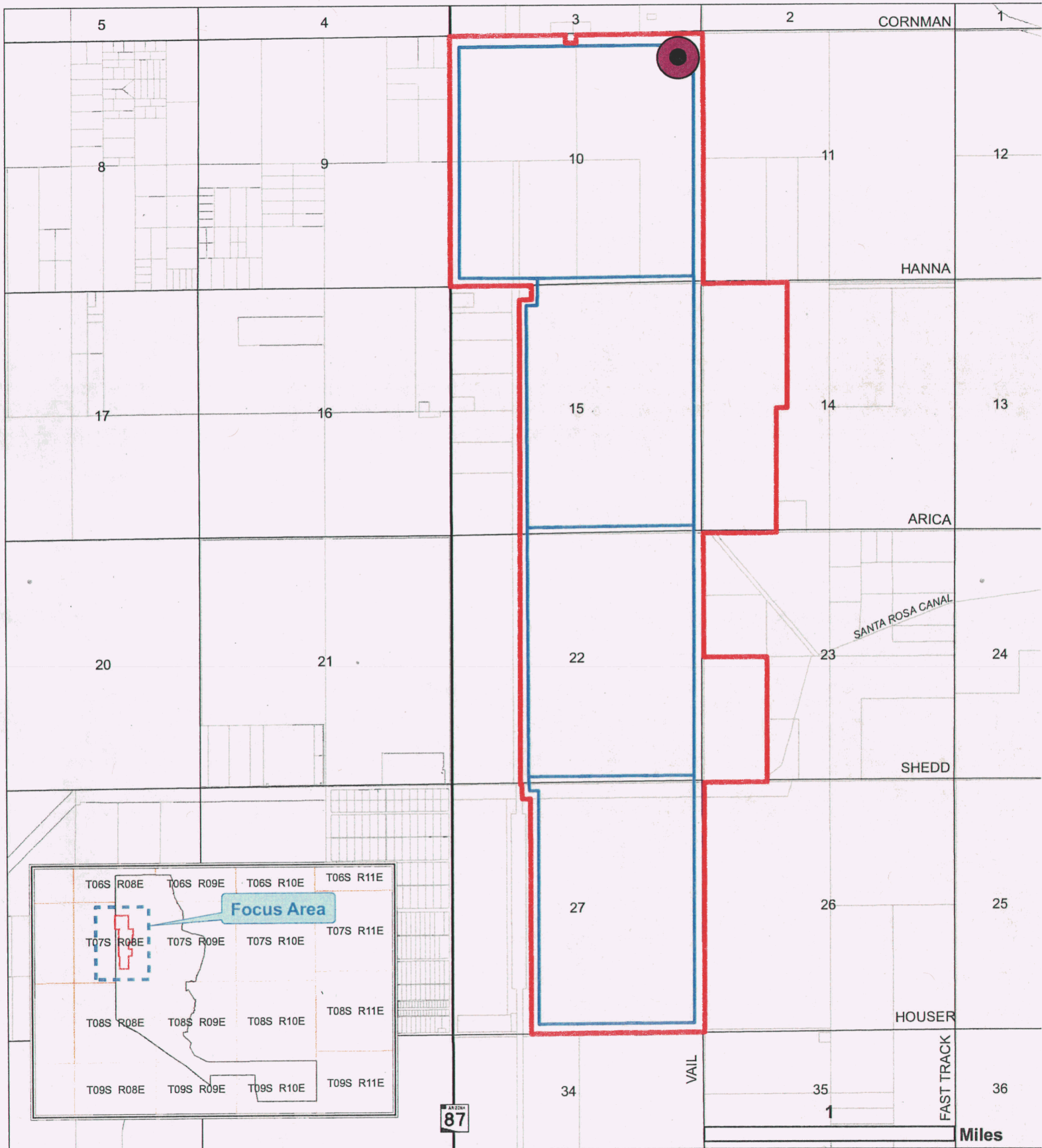
# Exhibit 6 - Attachment B - Figure 1





**GLOBAL WATER**  
RELIABLE • RENEWABLE • REUSABLE

# Global Water - Picacho Cove Water Company Proposed Potable Water System



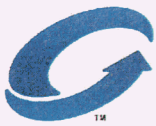
- Global Water-PCWC, pending
- Water Distribution Center
- Pending 208 Area
- Proposed Water Distribution Main



|                                                |                 |                 |
|------------------------------------------------|-----------------|-----------------|
| Description: Exhibit 6 - Attachment B          |                 |                 |
| Project #: PCWC: 650-08-001 / PCUC: 210-08-001 |                 |                 |
| Date: 12/09/08                                 | Cartography: PB | Scale: As Noted |

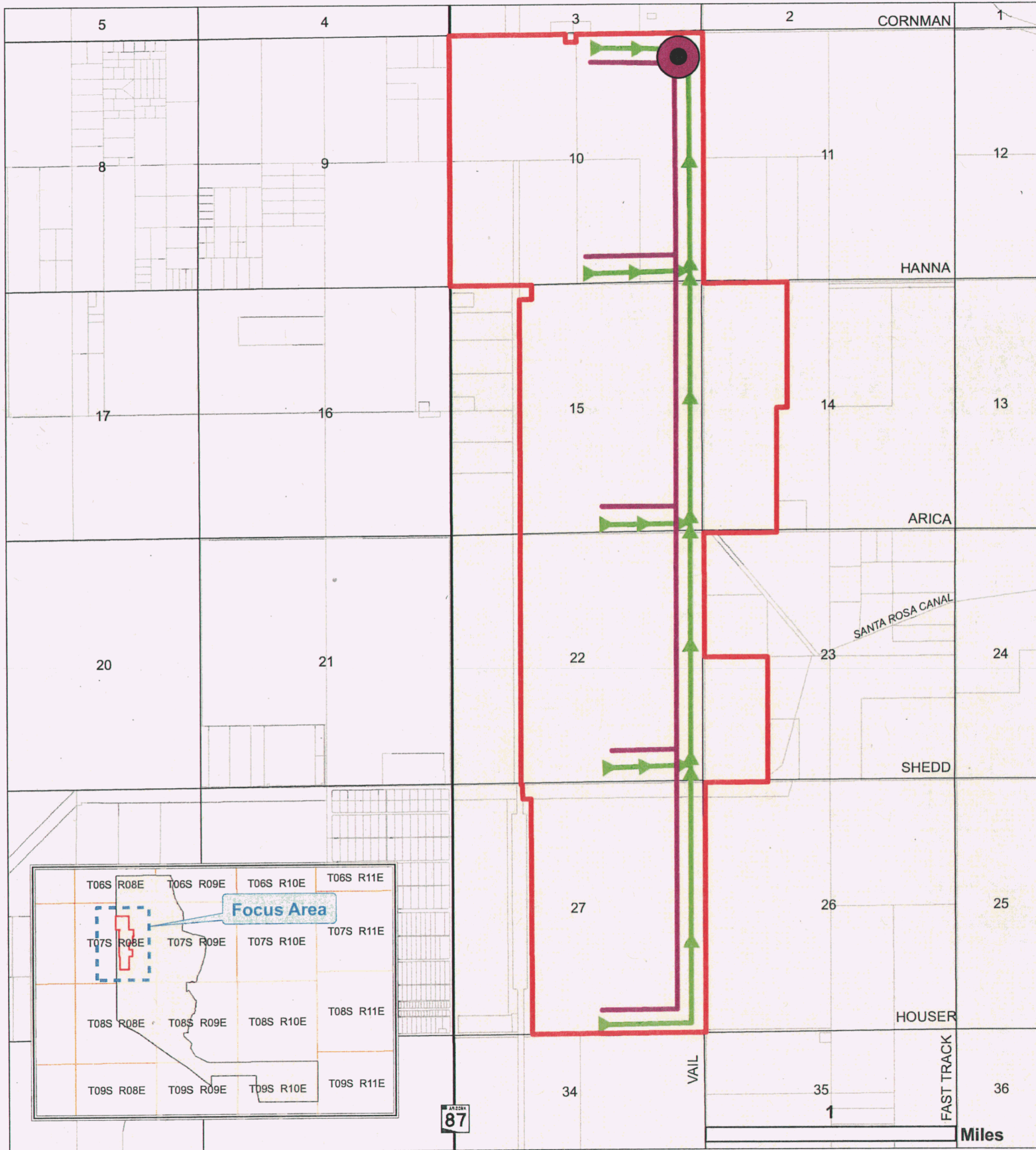
Figure:  
**2**





**GLOBAL WATER**  
RELIABLE • RENEWABLE • REUSABLE

Global Water - Picacho Cove Utilities Company  
**Proposed Wastewater & Recycled Water Systems**



- Global Water-PCUC, pending
- Proposed Gravity Sewer Main
- Proposed Recycled Water Main
- 208 Area
- Focus Area
- Water Reclamation Facility



|                                                |                 |                 |
|------------------------------------------------|-----------------|-----------------|
| Description: Exhibit 6 - Attachment B          |                 |                 |
| Project #: PCWC: 650-08-001 / PCUC: 210-08-001 |                 |                 |
| Date: 12/09/08                                 | Cartography: PB | Scale: As Noted |

Figure:  
**3**

## **Exhibit 6 Attachment C**



January 8, 2009

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Commissioners

Kristin K. Mayes, *Chairman*

Gary Pierce

Paul Newman

Sandra D. Kennedy

Bob Stump

IN THE MATTER OF THE APPLICATION  
OF GLOBAL WATER – PICACHO COVE  
WATER COMPANY FOR CROSS  
CONNECTION/BACK FLOW PREVENTION  
TARIFF

Docket No. W-20494A-\_\_\_\_\_

Attached is an application by Global Water- Picacho Cove Water Company for approval of a Cross Connection/Backflow Tariff. The purpose of this tariff is to protect Global Water- Picacho Cove Water Company water from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises.

---

Mr. Graham Symmonds  
SVP, Regulatory Affairs and Compliance  
Global Water- Picacho Cove Water Company  
21410 N 19<sup>th</sup> Ave, Suite 201  
Phoenix, AZ 85027

Enclosed: Original + 13 copies



**Global Water - Picacho Cove Water Company**  
**CROSS-CONNECTION OR BACKFLOW TARIFF**

**PURPOSE:**

The purpose of this tariff is to protect Global Water - Picacho Cove Water Company ("PCWC") water from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code ("A.A.C.") R14-2-405.B.6 and A.A.C. R18-4-115

**REQUIREMENTS:**

In compliance with the Rules of the Arizona Corporation Commission ("Commission") and the Arizona Department of Environmental Quality ("ADEQ"), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-115 relating to backflow prevention:

1. PCWC may require a customer to pay for and to have installed a backflow-prevention assembly if A.A.C. R18-4-115.B or C applies.
2. A backflow-prevention assembly required to be installed by the customer under paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-115.D and E.
3. Subject to the provisions of A.A.C. R14-2-407 and 410, and in accordance with Paragraphs 1 and 7 of this tariff, PCWC may terminate service or may deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff
4. PCWC shall give any existing customer who is required to install a backflow - prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is **not** applicable, the customer shall be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why he cannot install the device within thirty (30) days, PCWC or Commission Staff may suspend this requirement for a reasonable period of time.

**\*\*FOR OFFICIAL USE ONLY\*\***

Effective Date:



## Global Water - Picacho Cove Water Company

5. Testing shall be in conformance with the requirements of A.A.C. R18-4-115.F. PCWC may require the customer to pay to have the backflow prevention assembly tested as long as PCWC does not require an unreasonable number of tests.
6. The customer shall provide PCWC with records of installation and testing. For each backflow-prevention assembly, these records shall include:
  - a. assembly identification number and description;
  - b. location
  - c. date(s) of test(s);
  - d. description of repairs and recommendations for repairs made by tester; and
  - e. the tester's name and certificate number.
7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, PCWC may terminate service immediately and without notice. The backflow prevention assembly shall be repaired or replaced by the customer and retested.
8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is not applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

### ADDITIONAL INFORMATION: (supplement to the above tariff)

Specific details regarding the PCWC Cross Connection/Backflow Prevention Program are outlined in the following pages.





## **Global Water - Picacho Cove Water Company Cross Connection/Back Flow Prevention Program**

### **Rationale**

In accordance with Arizona Administrative Code R18-04-115, a public water system shall protect its system from contamination caused by backflow through unprotected cross-connections by requiring the installation and periodic testing of backflow prevention assemblies. AAC R14-2-405.B.6 requires that any customer's lines be installed so as to prevent cross-connection or backflow.

**Global Water - Picacho Cove Water Company ("PCWC")** requires backflow prevention assemblies to be installed and/or retrofitted at the service connection of those establishments where there exists a possibility of contamination caused by backflow through unprotected cross-connections which are not specifically exempted by the subject rule.

In all cases, the need for and the type of backflow prevention assembly will be specified by PCWC, and will be located on the customer's side of the service connection. The approved backflow prevention device will be installed, owned, tested and maintained by the customer. The minimum level of backflow protection that is provided to protect a public water system shall be the level recommended in:

Section 7.2 of the Manual of Cross-Connection Control  
Ninth Edition, USC-FCCCHR  
KAP-200 University Park MC-2531  
Los Angeles, California 90089-2531  
December 1993 (and no future editions or amendments)

The type of backflow-protection assembly ("BPA") installed will be determined by the relative hazards posed by each customer account in its category. Inspecting and testing of installed BPA's must be conducted by a certified backflow tester who shall submit a written report to PCWC. All BPA's will be subjected to annual testing to be performed by a certified backflow tester.

### **Procedure for Existing Customers**

All customer accounts will be reviewed by customer listing as well as on site surveys as needed, and placed into one of five categories.

Category # 1: Animal clinics, car washes, laundries, pest control, some restaurants, etc.  
BPA required: Reduced Pressure Backflow Assembly

Category # 2: Restaurants, schools, medical/dental offices, retail establishments  
BPA required: Reduced Pressure Backflow Assembly



Category # 3 Multi-family residences with common and dual plumbing  
BPA required: Reduced Pressure or Double Check

Category # 4 Non chemical dispensing irrigation systems and zoned horse and/or animal acreage properties  
BPA required: Reduced Pressure or Double Check

Category # 5 Class 1 and 2 fire protection systems  
BPA required: To be determined

The type of BPA required will depend upon the level of potential contamination. If the potential is low, then a lower grade of BPA may be installed on receipt of approval by PCWC.

#### **Non- Exempt Single Family Residences**

Backflow Prevention Assemblies are required in single family residences if any of the the following conditions exist and subjected to be determined by PCWC:

1. Customer owns a private own well and is served additionally by the utility  
BPA required- **Reduced Pressure**
2. Zoned horse and/or animal acreage properties  
BPA required- **Double Check Valve or Reduced Pressure**
3. Operating a home business whose business is subjected to receipt, generation or storage of hazardous materials  
BPA required- **Double Check Valve or Reduced Pressure**
4. Residential properties where the potential for cross connections exists (eg. landscape irrigation with recycled water, dual water main installations with potable and non-potable water)  
BPA required- **Reduced Pressure**

#### **Procedure for New Construction**

PCWC has the sole discretion to require the installation of a backflow prevention assembly (BPA) in order to protect the public water supply. This requirement and type of BPA will be determined at the plan review stage, and may be amended by a Cross-Connection Survey (see Appendix A) completed by PCWC.



### **Installation and Testing**

The following types of notification will be provided to PCWC:

1. Information letter - This letter is for existing and new customers and explains Backflow prevention and the need for compliance. See **Appendix B**.
2. Notice to install a backflow prevention assembly - Initial notice sent to the customer after the utility establishes the customer's requirement to have a BPA determined by the survey results. The customer is given notice to comply with this requirement within **30** days. See **Appendix C**.
3. Second notice to install or test a BPA - Reminder notice of the requirement to install or test. The customer is given notice to comply with this requirement within **14** days. See **Appendix D**.
4. Final Notice to install or test a **BPA** - Final notice to the customer to comply with the requirement of the backflow prevention program and a determination to disconnect service. See **Appendix E**.
5. Disconnection Notice - Notice to disconnect service with the date of disconnect if customer does not comply with the requirements of the backflow prevention program. See **Appendix F**.

### **Termination of Service**

All customers who fail to comply with the requirements of the backflow prevention program will be notified in accordance with AAC R14-2-410 of the termination of their water service.

If service is terminated, service will not be restored until an approved BPA is installed and tested and any reconnection fees are paid in accordance with PCWC approved tariffs.

### **Notice**

The backflow prevention program is subject to periodic review therefore the procedures may be changed or altered as deemed necessary for the protection of public health. All changes shall comply with the current and/or future laws as well as the rules and regulations of the regulatory agencies. Any and all changes in procedure shall be forwarded to the jurisdictional regulatory agency for review prior to promulgation



Appendix A

CROSS CONNECTION SURVEY

Date:

Customer:

Water service address:

Account #:

Meter #:

Does the property have a:

Private operating well or other alternate water supply YES ☐ NO ☐

Retention area (pond) supplied by potable water supply YES ☐ NO ☐

Automatic irrigation system or other facility with potential for dispensing of chemical contamination YES ☐ NO ☐

Thermal Solar energy system YES ☐ NO ☐

Agricultural use or livestock (horses) related activity YES ☐ NO ☐

All commercial business YES ☐ NO ☐

Home business using possible hazardous material YES ☐ NO ☐

If you answered "YES" to any of the above, you are required to **INSTALL** a Backflow-prevention assembly. It must be **tested** at the time of installation and **ANNUALLY** thereafter. Reminder letters will be sent out each year prior to the anniversary date of the previous year's test.

Type of device required:

- Live stock – Double Check Assembly
- All others – Reduced Pressure Assembly

**Thank you for your assistance in the protection of your water supply.**

The backflow prevention program is instituted and enforced to help supply all of our customers with potable water that meets the requirements of the Federal Safe Drinking Water Act.



## Appendix B

### Backflow Prevention Information

Dear Customer,

This letter is to inform you the **Global Water- Picacho Cove Water Company (PCWC)** is required to implement a cross connection/backflow prevention program in your service area.

#### What is backflow prevention?

Backflow prevention protects a public water supply from contamination caused by backflow through unprotected cross-connections. A backflow prevention program is a requirement of the Safe Drinking Water Act and AAC R18-4 *et seq.*

#### What is a Backflow Prevention Program?

A backflow prevention program requires the installation and annual testing of backflow prevention assemblies in all areas considered to be a potential cross-contamination hazard. A public water system shall maintain records of installations and tests performed on backflow-prevention assemblies in its service area. Records shall be retained by the public water system for at least three years and shall be made available for review by the Arizona Department of Environmental Quality ("ADEQ") or its designee upon request.

#### What is a backflow prevention assembly device?

A backflow prevention device is a device that prevents the reversal of flow when pressures changes within a distribution system.

#### Who is Responsible for Acquiring, Installing, Maintaining, and Testing a Backflow Prevention Assembly?

The Customer is responsible for acquiring, installing, maintaining and testing an approved BPA. Testing is required annually. The Customer must contact a certified installer in order to have the BPA properly installed. Installation and annual test certificates must be provided to the PCWC.

#### Where is a backflow prevention assembly installed?

A backflow prevention assembly shall be installed as close as practicable to the service connection. (Usually just past the water meter on the customer's side).

#### Who is required to have a backflow prevention assembly installed?

1. Any residential service connection with livestock on the premises.
2. Any residential service connection with on site irrigation or dual plumbing,
3. Any residential service connection with a water supply that is not accepted as an additional source by the public water system or is not approved by ADEQ or its designee. (This source is commonly a private well).
4. All commercial establishments.
5. Any connections considered by ADEQ or PCWC to be a hazard.



**Who installs the backflow prevention assemblies?**

Installation and testing must be performed by a person who is currently certified as a general tester by the California-Nevada section of the American Water Works Association (CA-NV Section, AWWA), the Arizona State Environmental Technical Training (ASETT) Center, or other certifying authority approved by ADEQ or its designee.

**Who will supply the installation and certification information?**

Once you have hired a certified tester, the tester must provide PCWC with the original certificate of installation and test. We recommend you retain a copy for your records. It is the customer's responsibility to provide proof of test and certification.

The information that must be supplied:

1. Assembly identification number and description,
2. Location,
3. Date of test,
4. Description of repairs and recommendations for repairs made by the tester, and
5. The tester's name and certificate number.

**\*\*Important Information\*\***

In accordance with the Federal Safe Drinking Water Act Amendments of 1986 and the provisions of the Arizona Administrative Code R18-4-115, failure to comply with this requirement shall be sufficient cause for termination of your water service. Upon request, PCWC can provide you with a copy of the Arizona Administrative Code R18-4-115. We appreciate your cooperation in this very important matter. If you should have any questions, please contact our main office at 623-580-9600.



Appendix C

**NOTICE TO INSTALL AND TEST BACKFLOW PREVENTION ASSEMBLY**

Date:

Customer:

Water Service Connection at:

Account #:

The Arizona Administrative Code, R18-04-115, as adopted by the Arizona Department of Environmental Quality for Cross-Connection requires mandatory installation and periodic testing of backflow assemblies, where it is determined that backflow is likely to occur.

In accordance with the Federal Safe Drinking Water Act Amendments of 1986 and the provisions of the R18-04-115, you are required to install and annually test one of the following approved backflow prevention assemblies for the purpose of protecting the potable water supply from substances which could endanger public health.

- ☐ Double Check Valve Assembly
- ☐ Reduced Pressure Principal Device
- ☐ Pressure Vacuum Breaker

Reason for installation: \_\_\_\_\_

A list of reduced pressure principle backflow prevention assemblies that have been evaluated and approved by the Foundation for Cross-Connection Control and Hydraulic Research of the University of California should be available through certified plumbers. These assemblies have been adopted and approved by the State of Arizona and must be installed within **30** days from the date of this letter.

Backflow prevention assemblies are to be purchased, installed, maintained and annually tested at the customer's expense. The backflow prevention assemblies must be **tested by a Certified Backflow prevention Assembly Tester at the time of installation.** Once the assembly has been installed and tested you should receive a copy of the certification. The Certified Tester will need to forward the original test report to:

**Global Water - Picacho Cove Water Company**  
**21410 N. 19<sup>th</sup> Avenue Suite 201**  
**Phoenix, AZ 85027**

If you should have any questions or require further information, please contact the main office at 623-580-9600. Thank you for your cooperation in this very important matter.



Appendix D

SECOND NOTICE

NOTICE TO INSTALL/ TEST BACKFLOW PREVENTION ASSEMBLY

Date:

Customer:

Water service address:

Account #

Dear Customer,

We recently wrote to you explaining the regulatory requirements for installing and /or testing your backflow prevention assembly. Installing and /or testing your BFP assembly are of the utmost importance as it is in place to protect the public water supply from possible contamination. We previously sent you a notice to comply with the requirements of the Arizona Administrative Code R18-4-115 regarding the requirements of backflow prevention.

If you have had your backflow prevention assembly installed and / or tested, please forward the report to:

**Global Water - Picacho Cove Water Company**  
**21410 N. 19<sup>th</sup> Avenue Suite 201**  
**Phoenix, AZ 85027**

If you have not complied with the requirements, please call us with the approximate date you expect to have your BFP assembly tested or installed. You are required to comply with this requirement within 14 days of this notice.

If you should have any questions or require further information, please contact our office at 623-580-9600.

Thank you for cooperation in this very important matter.





Appendix E

FINAL NOTICE

TO INSTALL AND TEST BACKFLOW PREVENTION ASSEMBLY

Date:

Customer:

Water service address:

Account #

Dear Customer,

We recently wrote to you explaining the regulatory requirements for installing and /or testing your backflow prevention assembly. Installing and /or testing your BFP assembly are of the utmost importance as it is in place to protect the public water supply from contamination. We previously sent you 2 reminder notices to comply with the requirements of the Arizona Administrative Code R18-4-115 regarding the requirements of backflow prevention.

If you have had your backflow prevention assembly installed and / or tested, please forward the report to:

**Global Water - Picacho Cove Water Company**  
**21410 N. 19<sup>th</sup> Avenue Suite 201**  
**Phoenix, AZ 85027**

If you have not complied with the requirements, please call us with the approximate date you expect to have your BFP assembly tested. You are required to comply with this requirement immediately after receiving this notice.

**Failure to comply with the requirements of the Backflow prevention program will result in a disconnection of your service.**

If you should have any questions or require further information, please contact our office at 623-580-9600.

Thank you for your cooperation in this very important matter.



Appendix F

DISCONNECT NOTICE

FAILURE TO INSTALL AND TEST BACKFLOW PREVENTION ASSEMBLY

Date:

Customer:

Water service address:

Account #

Dear Customer,

We recently wrote to you explaining the regulatory requirements for installing and /or testing your backflow prevention assembly. Installing and /or testing your BFP assembly are of the utmost importance as it is in place to protect the public water supply from contamination. We previously sent you 3 reminder notices to comply with the requirements of the Arizona Administrative Code R18-4-115 regarding the requirements of backflow-prevention.

Our records indicate you have failed to comply with the requirements of the backflow prevention program.

Your service will be **DISCONNECTED** on:

If you have had your backflow prevention assembly installed and / or tested, please forward the report to:

**Global Water - Picacho Cove Water Company**  
**21410 N. 19<sup>th</sup> Avenue Suite 201**  
**Phoenix, AZ 85027**

If your backflow prevention assembly is scheduled for testing, please have the company performing the testing contact our office at the numbers listed below to avoid any service interruption.

If you should have any questions or require further information, please contact our office at 623-580-9600. Thank you for your cooperation in this very important matter.

## **Exhibit 6 Attachment D**

## **TARIFF SCHEDULE**

Utility: Global Water – Picacho Cove Water Company  
Docket No.:  
Phone No.: 623-580-9600

Tariff Sheet No.: 1 of 4  
Decision No.:  
Effective:

### **CURTAILMENT PLAN FOR GLOBAL WATER – PICACHO COVE WATER COMPANY (PCWC)**

ADEQ Public Water System No:

**Global Water – Picacho Cove Water Company** (“Company”, or “GW-PCWC”) is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

The purpose of the curtailment tariff is to preserve water for the production of potable water, and reduce in a graduated fashion discretionary use of water.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

#### **Definitions**

*Potable Water* is water delivered to the potable distribution system from the Company’s water treatment facilities.

*Raw Water* is ground water supplied from wells owned by the Company that also supply the potable system. This water has not been passed through the Company’s water treatment facilities.

#### **Stage 1 Exists When:**

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage systems.

**Restrictions:** Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

**Notice Requirements:** Under Stage 1, no notice is necessary.

#### **Stage 2 Exists When:**

- a. Company’s water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

## TARIFF SCHEDULE

Utility: Global Water – Picacho Cove Water Company  
Docket No.:  
Phone No.: 623-580-9600

Tariff Sheet No.: 2 of 4  
Decision No.:  
Effective:

**Restrictions:** Under Stage 2, the Company may request customers to voluntarily employ water conservation measures to reduce water consumption by approximately 25 percent of Stage 1 Consumption. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

The Company shall implement restrictions on the discretionary use of water including:

- i. Potable or Raw Water supply to any hydrant meter, recreational impoundment, lake or irrigation impoundment shall be provided at the sole discretion of the Company and may be completely curtailed; and
- ii. No new hydrant, HOA or landscape irrigation meters employing potable or raw water will be deployed.

**Notice Requirements:** Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

### **Stage 3 Exists When:**

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

**Restrictions:** Under Stage 3, Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent of Stage 1 Consumption. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

The Company shall implement restrictions on the discretionary use of water including:

- i. Construction water will be curtailed by locking of hydrant meters. No new hydrant meters shall be deployed;

## TARIFF SCHEDULE

Utility: Global Water – Picacho Cove Water Company  
Docket No.:  
Phone No.: 623-580-9600

Tariff Sheet No.: 3 of 4  
Decision No.:  
Effective:

- ii. Potable or Raw Water supply to any recreational impoundment or irrigation impoundment will be curtailed. The Company will isolate and lock all irrigation meters from the raw/potable supply system.

### Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, Company shall post signs showing the curtailment stage at all well sites, tank sites and other Company-owned facilities. In addition, signs shall be posted at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

### Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction and of the requirement to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection.

The following uses of water shall be prohibited<sup>1</sup>:

- i. Irrigation of outdoor lawns, trees, shrubs, or any plant life with potable or raw water is prohibited;
- ii. With the exception of reclaimed water meters receiving reclaimed water from Global Water – Picacho Cove Utilities Company, no irrigation water will be provided by the Company (Company staff will isolate and lock all HOA meters from the potable distribution

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<sup>1</sup> Fire suppression systems are specifically exempt from any curtailment.

## TARIFF SCHEDULE

Utility: Global Water – Picacho Cove Water Company  
Docket No.:  
Phone No.: 623-580-9600

Tariff Sheet No.: 4 of 4  
Decision No.:  
Effective:

- system). No potable or raw water will be delivered to any irrigation or recreational impoundment;
- iii. Washing of any vehicle with raw or potable water is prohibited;
- iv. The use of raw or potable water for dust control or any outdoor cleaning uses is prohibited;
- v. The use of drip or misting systems for outside irrigation or cooling systems employing raw or potable water of any kind is prohibited;
- vi. The filling of any swimming pool, spas, fountains or ornamental pools is prohibited;
- vii. The use of raw or potable water for construction water is prohibited. No construction water will be provided by Company (Company staff will isolate and lock all hydrant meters);
- viii. Restaurant patrons shall be served water only upon request;
- ix. Any other potable or raw water-intensive-activity for outside-use is prohibited;
- x. Any standpipe operations are prohibited;
- xi. The addition of new service lines and meter installations is prohibited.

### Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post signs showing the curtailment stage at all well sites, tank sites and other Company-owned facilities. In addition, signs shall be posted at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

# Exhibit 7



**Global Water - Picacho Cove Water Company, Inc.**  
**Balance Sheet**  
**As of December 31, 2007**

**ASSETS**

**UTILITY PLANT:**

Construction work-in-progress \$21,552

Utility plant - net 21,552

**TOTAL**

21,552

**LIABILITIES AND MEMBERS' EQUITY**

**CURRENT LIABILITIES**

Accrued expenses \$6,155

Total current liabilities 6,155

Total liabilities 6,155

**MEMBERS' EQUITY:**

Common stock 10

Additional paid in capital 15,387

Total members' equity 15,397

**TOTAL**

21,552

# Exhibit 8

**Global Water - Picacho Cove Utilities Company, Inc.**  
**Balance Sheet**  
**As of December 31, 2007**

**ASSETS**

**UTILITY PLANT:**

|                               |                 |
|-------------------------------|-----------------|
| Construction work-in-progress | <u>\$36,247</u> |
|-------------------------------|-----------------|

|                     |               |
|---------------------|---------------|
| Utility plant - net | <u>36,247</u> |
|---------------------|---------------|

**TOTAL**

|                      |
|----------------------|
| <u><u>36,247</u></u> |
|----------------------|

**LIABILITIES AND MEMBERS' EQUITY**

**CURRENT LIABILITIES**

|                  |                 |
|------------------|-----------------|
| Accrued expenses | <u>\$20,900</u> |
|------------------|-----------------|

|                           |               |
|---------------------------|---------------|
| Total current liabilities | <u>20,900</u> |
|---------------------------|---------------|

|                   |               |
|-------------------|---------------|
| Total liabilities | <u>20,900</u> |
|-------------------|---------------|

**MEMBERS' EQUITY:**

|              |    |
|--------------|----|
| Common stock | 10 |
|--------------|----|

|                            |               |
|----------------------------|---------------|
| Additional paid in capital | <u>15,337</u> |
|----------------------------|---------------|

|                       |               |
|-----------------------|---------------|
| Total members' equity | <u>15,347</u> |
|-----------------------|---------------|

**TOTAL**

|                      |
|----------------------|
| <u><u>36,247</u></u> |
|----------------------|

# Exhibit 9

## **MEMORANDUM OF UNDERSTANDING**

**THIS MEMORANDUM OF UNDERSTANDING** (this "MOU") is entered into as of August 25, 2008 between Global Water Resources, LLC, a Delaware limited liability company ("Global"), and the City of Eloy, a municipal corporation ("City").

### **RECITALS**

WHEREAS, the Utility Companies (as defined below) will be engaged in the business of providing water, wastewater and reclaimed water infrastructure services;

WHEREAS, Global is the owner of Global Water-Picacho Cove Water Company ("PCWC") and Global Water-Picacho Cove Utilities Company ("PCUC") (collectively "Utility Companies");

WHEREAS, PCWC and PCUC are Arizona public service corporations defined in Article 15, Section 2, of the Arizona Constitution and, as such, are regulated by the Arizona Corporation Commission ("ACC"). PCWC and PCUC have applied for Certificates of Convenience and Necessity ("CC&N") by the ACC to provide water and waste water services (collectively the "Utility Services"), respectively, in the subject area set forth in Exhibit "A" (hereinafter referred to as the "Subject Territory").

WHEREAS, Global has existing commitments in place to provide water, wastewater and reclaimed water infrastructure services to developments both within and outside the Subject Territory. These developments include projects/properties known as Picacho Cove, Citrus Ranch, and La Osa.

WHEREAS, the City intends to facilitate and manage future growth in accordance with its obligations under the Growing Smarter legislation and Growing Smarter Plus legislation

enacted into law by the Arizona Legislature;

WHEREAS, the City and Utility Companies have jointly identified certain land areas to regionally plan and permit for Utility Services, as more fully shown on the Subject Territory set forth in Exhibit A hereto;

WHEREAS, the City has identified land areas as their municipal planning area ("MPA") as future annexations, a portion of which includes the Subject Territory, and, in connection therewith, the Parties desire to work closely and cooperate with each other to assist the orderly assimilation of these areas;

WHEREAS, the City has the potential of experiencing rapid growth, and in order to facilitate and manage this potential future growth, the City wishes work with Global and its Utility Companies to establish Utility Services within the Subject Territory;

WHEREAS, the City is supportive of the Utility Companies's pending application to the ACC for the establishment of their CC&N for Utility Services in the City's Municipal Planning Area, more specifically within the Subject Territory attached as Exhibit "A", and the Parties acknowledge that the establishment/expansion of the CC&N over the Subject Territory may not be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ") and Central Arizona Association of Governments ("CAAG") permits and approvals are in place and the Parties acknowledge that it will require cooperation and mutual support to achieve the necessary regulatory approvals;

WHEREAS, the Parties wish to form an Agreement which will benefit both Parties and significantly enhance and streamline the manner in which the Parties currently work together;

WHEREAS, the Parties believe such an Agreement represents a cost-effective and efficient solution to the water and wastewater challenges facing the City's current and anticipated future residents within the Subject Territory;

WHEREAS, the City seeks innovative revenue streams that maintain the City's long-term fiscal health and defray cost impacts that may occur within the Subject Territory;

WHEREAS, the City acknowledges Global's commitment to water conservation to date in other parts of the State/County, and its expressed intent to be a contributing corporate citizen in the community, and its desire to have a positive working relationship with the City;

WHEREAS, the Parties acknowledge the significant material capital expenditures and the consequent strong commitment that will be required by Global to meet the challenges created by the potential rapid growth within the Subject Territory;

WHEREAS, the Parties acknowledge the universal importance of water and wastewater services to all governmental jurisdictions, the unique challenges faced by the City in meeting the needs of the development community, and the unprecedented potential growth facing the City;

WHEREAS, the Parties acknowledge that the following terms are not intended to limit or increase the legal responsibilities of the City nor the statutory requirements of Global or its Utility Companies;

**NOW, THEREFORE,** for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Coordination and Communications. Staff of the City and Global shall meet on a regularly scheduled monthly basis, and more or less often as needed by mutual consent. City representatives at these meetings shall normally be the City Manager, the Public Works Director, and the Community Development Director, and/or their designees. Global's representatives at these meeting shall normally be the Regional General Manager, or their designees. Other meetings with other representatives may be arranged as needed.

2. Annual Report to the City of Eloy. Global shall submit an Annual Report to the Mayor and City Council. This Annual Report shall normally be submitted by April 1st each year, unless the Parties agree on a different date. The report shall include: Annual revenues and expenditures, total number of water and wastewater customers, customers added this past year, number of customers anticipated to be connected next year, water and wastewater facilities completed in preceding year, planned projects for the next year(s), and a copy of the annual report to the ACC. Global shall provide free of charge to the City copies of any annual reports Global provides to ADEQ and/or ADWR.

3. Proposed Rate and/or Fee Adjustments. Global shall submit proposed rate and/or fee adjustments of the Utility Companies to the Mayor and City Council for review and comment prior to submission to the ACC.

4. Franchise or Operating/License Agreement and Fees. Global shall pursue in good faith the necessary franchise agreement for the Utility Companies from Pinal County and operating/license agreement with the City for the Subject Territory. For areas annexed into the City, and if required by the City, the City will promptly replace the Pinal County franchise agreement with a franchise agreement issued by the City. Subject to the earlier of (i) entry of a final order (the "ACC Order") by the Arizona Corporation Commission approving the fee provided for herein; or (ii) \_\_\_\_\_, a fee of 3% of Gross Revenues as it relates to consumptive use of water and wastewater by residential, commercial, and industrial customers within the existing incorporated limits of the City, the Subject Territories and in Utility Companies' Planning Area, subject to conditions set forth in Section 9, shall be paid by Global to the City of Eloy. If the ACC Order has not been entered by \_\_\_\_\_ following diligent efforts (which the City will in good faith support and take reasonable steps to cause other interested parties to support), then the fee of 3% provided for above shall be reduced to 2% with respect to the consumptive use of water and wastewater residential, commercial and industrial customers located outside the jurisdictional limits of the City but within the Utility Companies' Subject Territory. However, if any property located outside the the City's jurisdictional limits become a part of the City's jurisdictional limit through an annexation, the the fee shall automatically be increased from 2% to 3% for the annexed property on the date the annexation is



effective. In the event the ACC declines to enter the ACC Order, the City will then proceed with a franchise election (at Global's sole cost) seeking approval of the franchise fees provided for in this Section 4 and to grant the Utility Companies a franchise in connection therewith for a term of 25 years. The franchise election shall take place on a date to be set by the City and shall occur no later than the earlier of 18 months following the ACC declining to enter the ACC Order or \_\_\_\_\_ . Upon the request of Global, the City agrees to continue to cause franchise elections to occur (at Global's cost) on at least an annual basis seeking approval of the franchise provided for herein. All of the foregoing payments shall be made on a quarterly basis. Gross Revenues shall include base fees, consumptive fees, and industrial and commercial reclaimed water sales but shall not include revenues as they arise from hook up fees, service connection fees, termination fees, reconnect or disconnect fees, late fees, NSF fees, account handling fees, or bulk service rate on the sale of construction water. The parties acknowledge that Global will seek the consent of the ACC to allow for inclusion of all fees described within this Section in the monthly consumptive billing of the utilities. The fees provided for in this Section 4 are flow through fees to PCUC and PCWC and are incremental to the rates currently set in place by the ACC; however, if the ACC does not approve these fees to be added to the monthly consumptive billings of the Utility Companies, Global shall pay the fees as an operating expense to City.

5. Financing Options. The City of Eloy and Global shall jointly explore potential financing options for Global to finance its projects within the City. If the City and Global agree to jointly finance a project, the Parties will enter into a separate agreement for each project.

6. Local Office. Global shall maintain a satellite office in downtown Eloy after all applicable regulatory approvals have been obtained. Once customer counts within the Subject Territory necessitate new accommodations, Global may terminate its lease of the satellite office and relocate the same to another facility. If the satellite office is not staffed by Global, an appropriate portion of space within the building will be offered to the Economic Development Group of Eloy (EDGE) and/or City at a lease rate of One Dollar (\$1.00) per year.

7. Conservation Efforts. The City and Global will work together in promoting community and school water conservation programs. Conservation programs may be City-wide and include passing of water and waste water conservation ordinances, distribution of educational materials and access to making presentations at City and school functions.

8. Reclaimed Water and Reclamation Projects. The parties acknowledge the City's interest in long term access to reclaimed water. The City further acknowledges Global's expertise in the field of water reuse in the region and the critical nature of reclaimed water to the Global business and regional conservation plan. Accordingly, Global agrees that the Utility Companies will use reasonable best commercial efforts to use and utilize reclaimed water in the region to the extent permissible under existing and future Arizona Department of Environmental Quality ("ADEQ") policy for all residential, commercial and industrial applications within the Subject Territory of the Utility Companies. The City and the Utility Companies will explore joint water reclamation projects for parks and school playgrounds, and will encourage the development of light commercial and industrial uses of reclaimed water. Additionally, for that water which cannot be beneficially used within the Subject Territory, the Utility Companies, at the Global's sole discretion, will either recharge or reuse that certain volume of water or make that certain volume of water available to the City for recharge or reuse. If financially feasible, as determined in the sole discretion of the City, the City will install dual plumbing in all future City owned buildings or facilities serviced by the Utility Companies such that reclaimed water can be used to flush toilets and serve other non-potablewater demands, per Global's guidelines and State and Federal law. Global shall assist the City with the cost of this dual infrastructure plumbing, and shall provide signage to announce the use of reclaimed water in all public places to assist with conservation and public education efforts.

9. Economic Development. The City and Global will explore possible joint efforts to support industrial and commercial uses in the City. The City and Global will explore co-funding of specific employment generating economic development initiatives and participate on economic development committee(s). Notwithstanding the provisions of Section 4 above Global agrees to augment the City's economic development efforts. To that end, Global shall fund a total of Three Hundred Sixty Nine Thousand Dollars (\$369,000) at a rate of Seventy

Three Thousand Eight Hundred Dollars (\$73,800) per year for a period of five years to the Economic Development Group of Eloy (EDGE) "Economic Contribution".

- a. The installments of the Economic Contribution shall be paid in increments of \$6150.00 per month commencing on the first day of the month following the full execution of this agreement and will continue for a period of 60 months.
- b. For each period of time where the value of the Economic Contribution exceeds the amount of the Franchise Fees established in Section 4 for such period, the amount due from Global for payment of Franchise Fees will be zero dollars (\$0). The value of that period's Franchise Fees shall be credited to the City against repayment of the Economic Contribution ("Credit").
- c. Repayment for the Economic Contribution shall be made through an offset of Franchise Fees and shall commence after 60 months of Economic Contribution ("Repayment"). The value of the Franchise Fees offset will be established so that the Repayment will be made in full within ten (10) years from the termination of the Economic Contribution obligation. The amount of Repayment will be equal to the total value of the Economic Contribution less any Credit as noted in Section 9.b above.
- d. If the Repayment value for a given period exceeds the Franchise Fees due for that same period, the amount due from Global for payment of Franchise Fees will be zero dollars (\$0). The value by which the Repayment exceeds the Franchise Fees will carryover for offset in the next period. "Carryover".
- e. If the Repayment value for a given period plus Carryover exceeds the Franchise Fees due for the applicable period, the amount due from Global for payment of Franchise Fees will be zero dollars (\$0). The value by which the Repayment plus Carryover exceeds the Franchise Fees will carryover for offset in the next period. "Carryover".

An "Example Calculation Sheet" depicting annual payment of Franchise Fees and Economic Contribution and a repayment schedule for the cumulative Economic Contribution is included as Exhibit "B".

10. Land Use Planning and Water/Wastewater Planning. Global shall prepare an annual "Plan for Growth" for the City of Eloy's municipal planning area. The City staff shall provide input and comments on changing land use and density patterns to assist Global in this planning effort. Global shall submit its annual "Plan for Growth" report to the Mayor and City Council by April 1st, unless the Parties agree to a different date.

11. Fee. Effective January 1, 2009 Global shall pay a voluntary fee totaling One Hundred Dollars (\$100.00) for each residential home connecting to the Utility Companies' water and wastewater system within the Subject Territory . The fee will assist the City in defraying administrative costs for water and wastewater services, including regional planning. The fee shall be payable quarterly in arrears and will become due upon the connection of a water meter to an occupied residential dwelling by a homeowner.

12. Community Outreach. The City and Global shall work cooperatively to prepare, cost-share (in-kind services such as web hosting, graphic design, etc. is considered equitable to actual funds), and disseminate a community outreach packet. The community outreach packet will be a collaborative effort by multiple entities within the City, to be distributed to existing and new homeowners. Global will explore commitments to fund and conduct extensive water conservation programs and outreach education programs to promote water conservation in the community, schools, and public facilities. Global will explore co-sponsoring significant water reclamation demonstration projects. Global will support community events with bottled water and a presence at all major municipal, Chamber of Commerce, or EDGE functions and events.

13. Geographic Information System and Information Technology. The City and Global shall work collaboratively in developing and updating the City's Geographical Information System ("GIS"). This may include data sharing and/or integration, cost-sharing on GIS surveying, cost-sharing on a GIS Geodesic Marker, and other GIS related administrative

items. The City and Global will endeavor to share and integrate SCADA systems, CCD Security Data and Vulnerability Preparedness, Emergency, Operations, and Rapid Response Plans, Broadband Wireless network sharing, and Internet Site Linking. The City and Global shall also explore opportunities for collaborative billing services.

14. Annexation. Global shall support all annexation efforts of the City within the Subject Territory. Global shall support the City's efforts to manage and coordinate development in the Utility Companies' Subject Territory. Global will provide water and wastewater modeling services to determine the impact of proposed developments. Global will share and publish long-term master plans with the City and continuously update the plans so that the water and wastewater infrastructure is coordinated with the City's infrastructure plans.

15. Permits. The City will endeavor to streamline and expedite permit issuance, plan review, and related design and construction regulatory issues for Global. The City will endeavor to assist and support Global's efforts to obtain CAAG 208, CC&N, ADEQ, ADWR and other regulatory approvals required within the Subject Territory. If the City cannot provide a prompt review of Global's permits or plans, Global shall have the option of reimbursing the City for any costs incurred by the City if the City, at Global's request, hires an outside consultant to expedite the review of Global's permits and plans. Any such consultants shall report directly to the City and take direction only therefrom.

16. Joint Actions and Conditions. In order to effectuate this MOU, and in addition to the actions otherwise set forth herein which shall in good faith be pursued by the parties hereto, the parties shall undertake (or the parties shall support one another in taking) the following actions in good faith:

- a. ACC approval of PCWC and PCUC's proposed expansion of the CC&N over the Utility Companies' Subject Territory;
- b. Execution and approval of an operating/license agreement with the City for Utility Services provided within the City's current and existing jurisdictional

boundary and for Utility Services provided outside the City's current and existing jurisdictional boundary but within the Utility Companies' Subject Territory;

- c. ACC approval of the operating/license agreement described in Section 4 and Section 16(b) above;
- d. ACC approval of Global's request for inclusion of all fees set forth in Section 4 above in the monthly consumptive billings of the Utility Companies.
- e. If necessary, the franchise election provided for in Section 4 above.

18. Right to Review. As set forth in the recitals to this Agreement, the City acknowledges certain rights of Global to provide water, wastewater and reclaimed water infrastructure services to developments outside the Subject Territory as defined in this agreement. As a result, the City agrees to give Global a first and prior right to review and negotiate with the City (and the City shall in good faith negotiate with Global) on future opportunities to expand the Subject Territory at such time expansion becomes an option as reasonably determined by either the City or Global.

19. Effective Date. Except as otherwise set forth herein, the obligation of the parties pursuant to this MOU shall commence thirty days after approval of said MOU by the Eloy City Council.

20. Entire Agreement. This MOU contains the entire agreement between the parties hereto and supersedes all previous communications, representations or agreements, written or verbal, with respect to its subject matter.

21. Construction. This MOU shall be construed in accordance with the laws of the State of Arizona.

22. Modification or Amendment. This MOU may not be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by the all parties hereto.

23. Jurisdiction, Venue and Attorneys' Fees and Costs. Subject to the provisions of this MOU, the prevailing party in any arbitration, proceeding, lawsuit, appeal or other proceeding brought to enforce or otherwise implement the terms and conditions of this MOU shall be entitled to an award of attorneys' fees and costs from the losing party. Jurisdiction and venue shall be in Pinal County, Arizona, and the parties waive any right to a trial by jury.

24. Mediation/Arbitration. In the event that any dispute arises between the parties to this MOU, the parties first shall attempt to find a neutral person, who is mutually acceptable to both parties, and who has experience in matters such as those provided for in this MOU, and request that person to mediate the dispute. In the event that such mediation is not undertaken or successfully concluded within 45 days after the dispute arises, the parties to any such dispute shall submit the dispute to binding arbitration in accordance with the rules of commercial arbitration ("Rules") for the American Arbitration Association ("AAA"). If the claim in the dispute involves a non-monetary default or breach or does not exceed One Hundred Thousand Dollars (\$100,000), there shall be a single arbitrator selected by mutual agreement of the Parties, and in the absence of agreement, appointed according to the Rules. If the claim in the dispute, exceeds One Hundred Thousand Dollars (\$100,000), the arbitration panel shall consist of three (3) arbitrators, one of whom shall be selected by each party and the third, who shall serve as chairman, shall be selected by the AAA. The arbitrator or arbitrators must be knowledgeable in the subject matter of the dispute. The costs and fees of the arbitrator(s) shall be divided equally among the parties. Any decision of the arbitrator(s) shall be supported by written findings of fact and conclusions of law. The decision of the arbitrator(s) shall be final, subject to the exceptions outlined in the Arizona Uniform Arbitration Act, A.R.S. § 12-1502, et seq., and judgment may be entered upon the same. The arbitrator(s) shall control discovery in the proceedings and shall award the prevailing party its reasonable attorneys' fees and costs. Any arbitration arising from this MOU shall occur within Pinal County, or at any other location mutually agreed to by the Parties.

25. Assignment. The terms and conditions of this MOU shall bind and inure to the benefit of the parties hereto and their successors and assigns and legal representatives. Neither Party shall be allowed to assign this MOU without the express written consent of the other Party.

26. Waiver. Any waiver of any provision of this MOU shall not constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. A party may waive any provision of this MOU intended for its benefit; provided, however, that such waiver shall in no way excuse the other parties from the performance of any of their other obligations under this MOU.

27. Section Headings. The section headings used herein are for reference only and shall not enter into the interpretation hereof.

28. Relationship of Parties. Nothing contained in this MOU shall be deemed or construed to create the relationship of principal and agent or of limited or general partnership or of joint venture or of any other association between the City and Global.

29. Notices. Any notices given pursuant to this MOU shall be in writing and shall be personally delivered or deposited in the United States mail, certified mail, postage prepaid, return receipt requested, to a party hereunder. Notices shall be deemed given and received when personally delivered or three (3) days after deposit in the United States mail to the address set forth below such party's signature.

30. Time of Essence. Time is of the essence for all purposes of this MOU.

31. Conflict of Interest. This Agreement is subject to the conflict of interest provisions set forth in A.R.S. § 38-511.



32. Limitation of Damages on Taxpayer Initiatives. Global waives its rights (as well as its successors' rights, to the extent permitted by law) to any claim for diminution of value pursuant to A.R.S. Section 12-1134 (Proposition 207).

33. Indemnification.

A. Global agrees to defend, indemnify and hold harmless City, its officers, officials and employees ("Indemnified Group") for liability from and against claims, damages, losses and expenses of any nature whatsoever (including but not limited to reasonable attorney fees, court costs, the costs of appellate proceedings, and all claim adjusting and handling expense), relating to, arising out of, resulting from or alleged to have resulted from Global's negligent acts, errors, mistakes or omissions relating to any action or inaction of the Global under this Agreement, including but not limited to negligent work or services in the performance of this Agreement by any subcontractor or anyone directly or indirectly employed by or contracting with the Global or a subcontractor or anyone for whose acts any of them may be liable. This indemnity provision shall apply solely to the extent that such claim, damage, loss, and/or expense is caused by Global's negligent act or omission. This indemnity provision shall not apply to the extent the claim, damage, loss, and/or expense is caused, in whole or part, by the City and/or any third party unrelated to Global.

B. If any claim, action or proceeding is brought against the Indemnified Group, by reason of any event that is the subject of this Agreement, Global (at its sole cost and expense) shall pay, resist or defend such claim or action on behalf of the Indemnified Group by the attorney of Global, or if covered by insurance, Global's insurer, all of which must be approved by City, which approval shall not be unreasonably withheld or delayed. The City shall cooperate with all reasonable efforts in the handling and defense of such claim. Notwithstanding the foregoing, the City may at its own expense engage its own attorney to defend or assist in its defense.

C. Any settlement of claims must fully release and discharge the Indemnified Group from any liability for such claims. The release and discharge shall be in writing and shall

be subject to approval by the City, which approval shall not be unreasonably withheld or delayed.

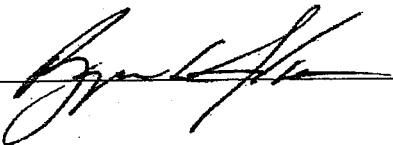
D. If Global neglects or refuses to defend any of the Indemnified Group as required by this Agreement, any recovery or judgment against the Indemnified Group for a claim covered by this Agreement shall conclusively establish Global's liability to the Indemnified Group in connection with such recovery or judgment. If the City desires to settle such dispute, the City shall, following written notice to Global and Global having an opportunity to participate, be entitled to settle such dispute in good faith and Global shall be liable for the amount of such settlement, and all expenses in connection with such settlement.

34. Exercise of Authority. It is understood and agreed that neither Global nor its affiliates or related entities shall in any way exercise any portion of the authority or sovereign powers of the City and shall not make or contract or commit or in any way represent itself as an agent for the City. Nothing in this Agreement be construed to create a principal agency relationship between the parties.

IN WITNESS WHEREOF, each of the parties has executed this MOU as of the date first above written.

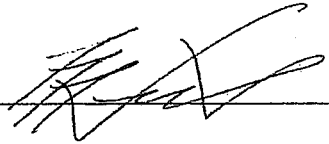
**CITY OF ELOY**

**GLOBAL WATER RESOURCES, LLC**

By: 

Title: MAYOR

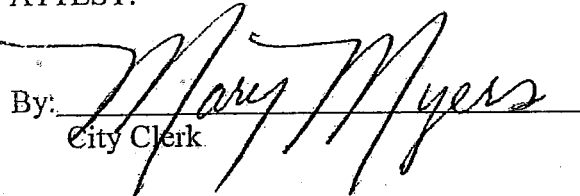
Address: 628 N. Main Street  
Eloy, AZ 85231

By: 

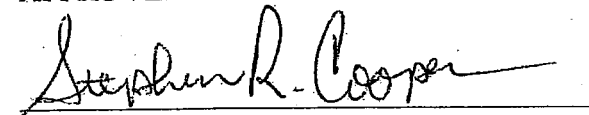
Title: PRESIDENT & CEO

Address: 21410 N 19<sup>TH</sup> AVE SUITE 201  
PHOENIX, ARIZONA, 85027

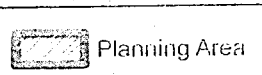
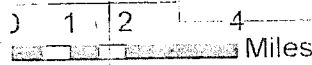
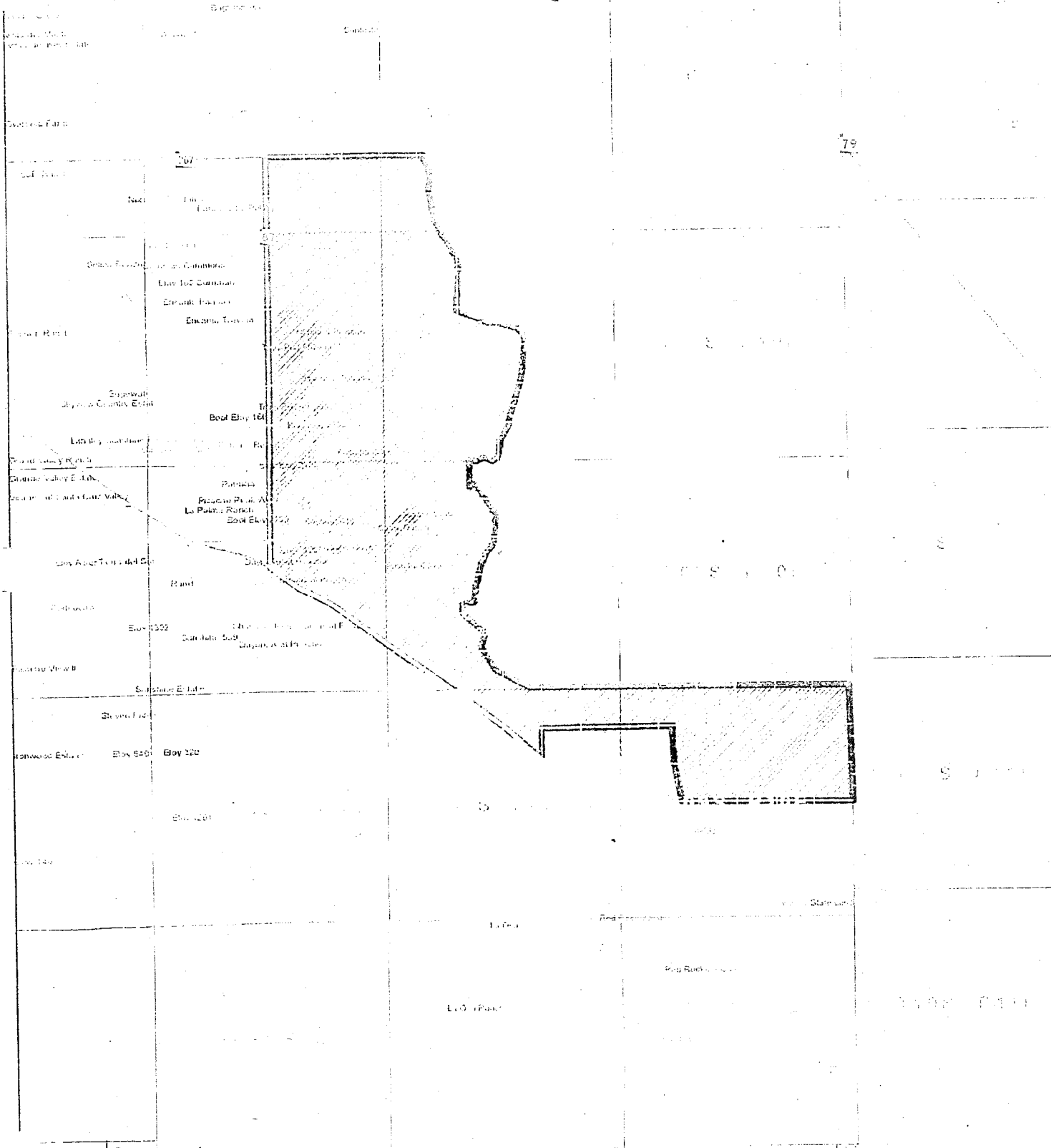
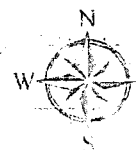
ATTEST:

By:   
City Clerk

APPROVED AS TO FORM:

  
City Attorney

# Eloy/Global Water Planning Area





**GLOBAL WATER**

RELIABLE • RENEWABLE • REUSABLE

**Global Water  
City of Eloy Economic Contribution  
Example Calculation Sheet - Values Listed are Examples Only**

(1) Payable to Economic Development Group of Eloy (EDGE)  
(2) Based on Absorption Estimates (Example Only)  
(3) Payable to the City of Eloy

# Exhibit 10

| Year | Connections | Water        |            | Wastewater   |            |
|------|-------------|--------------|------------|--------------|------------|
|      |             | Revenue      | Expenses   | Revenue      | Expenses   |
| 1    | 18          | \$ 247,062   | \$ 292,583 | \$ 220,057   | \$ 222,060 |
| 2    | 36          | \$ 494,124   | \$ 473,475 | \$ 440,114   | \$ 349,420 |
| 3    | 54          | \$ 741,186   | \$ 597,284 | \$ 660,170   | \$ 522,488 |
| 4    | 72          | \$ 988,248   | \$ 742,244 | \$ 880,227   | \$ 744,095 |
| 5    | 90          | \$ 1,235,310 | \$ 941,970 | \$ 1,100,284 | \$ 979,034 |